

**Annual Report to the  
Congressional Defense Committees**

**Status of the Department of Defense's  
Business Transformation Efforts**

**March 15, 2006**



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# I. Purpose of this Report

This report is submitted in response to the reporting requirements of 10 U.S.C. 2222(i), as added by section 332 of Public Law 108-375, the Ronald W. Reagan National Defense Authorization Act (NDAA) for Fiscal Year 2005. It directs the Secretary of Defense to provide the Congressional Defense Committees with an annual report on the Department's business transformation efforts and compliance with the requirements of the law.

The law directs that the report shall: "describe actions taken and planned for meeting the requirements of subsection (a); identify the number of defense business system modernizations so certified; identify any defense business system modernization with an obligation in excess of \$1,000,000 during the preceding fiscal year that was not certified under subsection (a), and the reasons for the waiver; and discuss specific improvements in business operations and cost savings resulting from successful defense business systems modernization efforts." The report is to be submitted by March 15 of each year, from 2005 through 2009.

This report addresses all of the relevant information regarding systems certification and investment control, as required under the law, as well as provides a general status update on the Department's business transformation efforts as a whole.

## II. Transformation Summary

### Defense Business Transformation Overview

The Department of Defense (DoD) is perhaps the largest and most complex organization in the world. It manages more than twice the budget of the world's largest corporation, employs more people than the population of a third of the world's countries, provides medical care for as many patients as the largest health management organization, and carries five hundred times the number of inventory items as the world's largest commercial retail operation.

The sheer size of the Department reflects the magnitude of its mission and the broad responsibilities it has for maintaining national defense. This mission, however, also demands that the Department be as nimble, adaptive, flexible, and accountable as any organization in the world. The Department must ensure that the right capabilities, resources and materiel are delivered rapidly and reliably to our warfighters: what they need, where they need it, when they need it, anywhere in the world. Reconciling the apparent contradiction between size and flexibility – between complexity and adaptability – is the challenge of Defense business transformation.

Over the past four years, the Department's emphasis on overall DoD transformation has yielded substantial improvements in the Department's business operations. For example, DoD's logistics and supply chain has achieved significant increases in materiel availability and major reductions in lead times. Process improvement initiatives in aviation repair depots have reduced work-in-process inventory, thus increasing the depots' speed and efficiency. Active transportation cost management has saved millions of dollars in the process for moving people and materiel across the world. DoD financial statements that once took over five months to produce are now being produced with better quality in less than 45 days.

**Defense business transformation mission:**

**"Transform business operations to achieve improved warfighter support while enabling financial accountability across DoD."**



**The Core Business Missions:**

- **Human Resources Management**
- **Weapon System Lifecycle Management**
- **Materiel Supply & Service Management**
- **Real Property & Installations Lifecycle Management**
- **Financial Management**

The Department of Defense is now working to further advance these accomplishments at a Department-wide level across five Core Business Missions (CBMs). Ultimately, Defense business transformation is being driven by a series of strategic objectives, each of which illustrates a different aspect of the overall transformation challenge. The four key objectives of the Department's business transformation efforts are to:

- Provide support for the joint warfighting capability;
- Enable rapid access to information for strategic decisions;
- Reduce the cost of Defense business operations; and
- Improve financial stewardship to the American people.

These objectives help shape DoD's priorities and serve as checkpoints by which to assess the efficacy of our transformation efforts over the long term.

**Key Accomplishments since March 15, 2005**

The Department has made significant progress in its business transformation efforts since delivering its last Report to Congress on March 15, 2005. Specifically, DoD has instituted a strong governance structure, actively led by the Deputy Secretary of Defense and the Department's most senior leaders, to guide and manage its business transformation efforts. This governance structure also includes the establishment of the Defense Business Transformation Agency (BTA), which serves as the catalyst for business transformation by coordinating, consolidating, and integrating the Department's activities at the DoD Enterprise level. An investment review process was implemented to better evaluate and control the Department's significant business systems investments. Finally, the Department has developed and is utilizing integrated management tools, namely the Business Enterprise Architecture (BEA) and Enterprise Transition Plan (ETP). The BEA provides the architectural framework for an information infrastructure for the DoD, and the ETP provides the roadmap, with measurable plans, schedules, and budgets, for transforming the Department's business operations. The BEA and ETP are currently focused on the business capabilities for identified business enterprise priorities, and the systems and initiatives that will enable those capabilities.

The Department is leveraging lessons learned from industry best practices to improve business operations, to better accomplish the Defense business transformation mission of improving warfighter support while enabling financial accountability across the DoD. DoD views transformation as a continuous and evolutionary process: improvements in business capabilities are already being realized through a defined set of transformational systems and initiatives. Specifically, the Department has achieved 75% of the Enterprise program milestones that were depicted in the September 2005 ETP. Milestone tracking for these programs can be found in Appendix J.

**Established Strong Governance Structure for DoD's Business Transformation**

Large-scale business transformation efforts in the private sector have demonstrated that change does not occur without senior leadership commitment and involvement in the process. Senior leadership involvement is crucial both to provide the thrust necessary to effect cultural change within an organization and to provide the strategic guidance and balanced input that will best serve the organization as a whole. Strong and active governance is critical to establishing the Department's transformation priorities, determining the required business capabilities to support those priorities, and implementing systems and initiatives that enable these capabilities.



Recognizing this need, the Department has established a formal structure to engage executive leadership in both the direction and execution of business transformation efforts. The structure includes new investment oversight, enhanced program management, and increased engagement and coordination among the Office of the Secretary of Defense (OSD), the Military Departments, Defense Agencies, and Combatant Commands (collectively hereafter referred to as Components). The governance structure employs a system of tiered accountability that includes the combined efforts of the OSD, BTA, and Components.

#### Executive-Level Governance

The DoD created the following oversight bodies to maintain the highest level of executive involvement. These bodies meet at least monthly under the personal direction of the Department's most senior leadership.

#### ***Defense Business Systems Management Committee (DBSMC)***

The DBSMC was chartered by the DoD in February 2005 to oversee transformation in the Department's Business Mission Area (BMA) and to ensure that transformation meets the needs and priorities of the warfighter. The DBSMC is the senior-most governing body overseeing BMA transformation and is composed of the following members: Deputy Secretary of Defense (Chair); Under Secretary of Defense for Acquisition, Technology, and Logistics (Vice Chair); Secretaries of the Military Departments and the heads of the Defense Agencies; Under Secretary of Defense (Comptroller); Under Secretary of Defense for Personnel and Readiness; Vice Chairman of the Joint Chiefs of Staff; Commander, U.S. Transportation Command; Commander, U.S. Joint Forces Command; Assistant Secretary of Defense for Networks and Information Integration/DoD Chief Information Officer; and Director, Program Analysis and Evaluation (Advisory). The DBSMC convenes every month under the personal direction of the Deputy Secretary of Defense.

The DBSMC sets business transformation priorities and recommends the policies and procedures required to attain cross-Department, end-to-end interoperability of DoD business systems and processes. Specifically, the DBSMC reviews and approves all major releases of the BEA and ETP, as it did in September 2005 for BEA 3.0 and the corresponding version of the ETP. The DBSMC also approves business systems investment decisions and continually monitors schedule and milestone completeness, costs and resources, performance metrics, and risks.

#### ***Under Secretary of Defense Principal Staff Assistants (PSAs)***

As required by the NDAA, the PSAs are responsible for the review, approval and oversight of the planning, design, acquisition, deployment, operation, maintenance, and modernization of Defense business systems. The PSAs' membership role within the DBSMC is two fold. First, the PSAs are there to provide the top-level management of Enterprise business Information Technology (IT) investments associated with improving the Core Business Missions (CBMs) of the Department. Second, as required by the NDAA, each PSA serves as the Certification Authority accountable for the obligation of funds for Enterprise business system investments within their designated CBMs.

The Certification Authorities use the BEA and the ETP, with advice and input from their respective Investment Review Boards (IRBs), to make their certification approval decisions. Approved investments are then presented to the DBSMC with recommendations for system investment approval.



## Case in Point: Active Governance

The Defense Integrated Military Human Resources System (DIMHRS) is an Enterprise system implementation that will provide a fully integrated multi-service pay and personnel system to support military personnel throughout their careers and retirement. This web-based system will also be used by Combatant Commanders to maintain visibility into the location, status, and skill set of every member of the armed forces, as well as contractors, DoD personnel, and other government personnel in a theater of operations.

Last fall, the DBSMC directed that a rapid assessment be undertaken to determine the health of the DIMHRS program acquisition. That study uncovered some inherent challenges in the structure of the acquisition program management structure that led to a more detailed assessment specific to the requirements for the Army (the first Service planned for DIMHRS implementation). The assessment team reported to the DBSMC on the viability of the solution at its December 1, 2005 meeting. As a result, the Committee directed the following actions:

- DIMHRS program implementation will immediately transfer to the authority of the Defense Business Systems Acquisition Executive (DBSAE);
- The DBSAE will implement an acquisition program management structure to include Service-specific program managers with the responsibility for implementation of DIMHRS in the Army, Navy, and Air Force, respectively;
- Each Service Secretary will designate a senior person with the appropriate authority to bridge the Financial Management (FM) and Manpower & Reserve Affairs (M&RA) communities within his Service to assure that issues are resolved promptly, consistent with the DIMHRS program objectives;
- Enterprise-wide standards for integrated personnel and pay will be managed by the Business Transformation Agency (BTA) as documented in the Business Enterprise Architecture (BEA) and enforced by Investment Review Boards under the direction of the DBSMC;
- The Army will continue to implement DIMHRS while refining cost and schedule estimates for completion;
- The Air Force will initiate their DIMHRS assessment immediately using the Army configured solution as the baseline;
- The Navy will plan to begin their assessment by March 2006. The Navy assessment needs to include an assessment of the applicability/benefit of extending DIMHRS to the Marine Corps as an ultimate replacement for the Marine Corps Total Force System (MCTFS).

Realigning major programs under DBSMC leadership, as shown in this example, provides enterprise clarity and removes parochial roadblocks.

### *Investment Review Boards (IRBs)*

#### **The Investment Review Boards:**

- **Human Resources Management**
- **Weapon System Lifecycle Management & Materiel Supply & Service Management**
- **Real Property & Installations Lifecycle Management**
- **Financial Management**

IRBs support the decision-making process by making investment recommendations to the appropriate Certification Authority. Those recommendations are eventually approved or disapproved by the DBSMC. The IRBs oversee investment review processes for the business capabilities that support activities in their designated areas of responsibility. Using documented, repeatable procedures and common decision criteria, and with senior representation from the relevant Components, each IRB assesses modernization investments relative to their impact on end-to-end business process improvements as documented in the BEA. The four IRBs have reviewed each candidate system investment and recommended certification for 226 systems as of February 17, 2006.

Detailed information regarding the IRB review and approval process is outlined in the *Investment Review Process Overview and Concept of Operations for Investment Review Boards*, which can be found online at the following address:

[http://www.defenselink.mil/dbt/products/investment/Final\\_IRB\\_CONOPS.pdf](http://www.defenselink.mil/dbt/products/investment/Final_IRB_CONOPS.pdf)



### Business Transformation Agency

With the approval of the BTA on October 7, 2005, the then-acting Deputy Secretary of Defense established an agency that is focused on advancing Defense-wide business transformation.

The BTA provides day-to-day management of the business transformation effort at the DoD Enterprise level and provides direct support to the executive governance bodies. The BTA shifts existing, disparate resources for business processes and system modernization into a single unified, focused organization. By consolidating, coordinating, and integrating the Department's business transformation activities at the Enterprise level, the BTA provides consistency across DoD's business transformation efforts, minimizes redundancies in its business systems, and reduces overhead for the Department.

The BTA is responsible for integrating the work of the OSD Principal Staff Assistants in the areas of business process reengineering, Core Business Mission activities, and IRB matters, as determined and revised by the DBSMC. The Deputy Under Secretary of Defense for Business Transformation and Deputy Under Secretary of Defense for Financial Management are the acting co-directors of the BTA. The BTA reports to the Under Secretary of Defense for Acquisition, Technology, and Logistics, in his role as the vice chair of the DBSMC.

### Tiered Accountability

The Department's approach to business transformation relies on accountability at multiple tiers of the DoD organization. At the Enterprise level, DoD has established the IRBs and an investment review process, defined Core Business Missions, and is employing industry best practices to quickly build out Enterprise-wide functionality, which includes data standards, business rules, specific systems, and an associated integration layer of interfaces for the Components. These standards, which are established through joint cooperation, represent the "rules of engagement" to which all DoD Components must adhere. Thus, while the Department is not dictating how to transform, it is ensuring that each Component's transformational program increases the Department's ability to reap the benefits of improved information exchange across organizational boundaries.

Additionally, at the Enterprise level, DoD is providing the program management discipline that delivers a *thin* layer of *corporate* services across the Department. Within the Business Transformation Agency, the Defense Business Systems Acquisition Executive (DBSAE) has been established to provide oversight for the Enterprise programs that provide these services.

Component-level business transformation is the responsibility of the Component headquarters; however, their efforts intersect with DoD Enterprise-level governance, principally through the investment review process, Core Business Mission leadership, and enterprise standards contained in the BEA. Components develop strategies, schedules, and budgets for their Component transformation, and they define business capabilities, architectures, and transition plans that align to the DoD Business Enterprise-level architecture, transition plan, and other strategic and policy guidance of the PSAs. Components also provide program oversight, program status reports, portfolio management for respective systems, and pre-certification of systems as part of their accountability to their Certification Authority and the DBSMC.

**"The mission of the Business Transformation Agency is to guide the transformation of business operations throughout the Department of Defense and to deliver Enterprise-level capabilities that align to warfighter needs."**



## Implemented Investment Control

The DoD investment review process plays a vital role in delivering the flexibility and responsiveness required across the Department's warfighting operations. This process ensures that all business systems activities within the OSD and Component organizations: (1) support the joint warfighting capability by applying innovations and best practices from leading companies as well as from our joint forces; (2) provide better information for strategic decisions through access to actionable management information by continued migration to a net-centric environment; and (3) reduce the cost of business operations by providing timely, reliable and accurate financial information to drive a "cost-conscious" decision-making process. These improvements in business systems activities support the improvement of financial stewardship to the American people.

The Department has established four Investment Review Boards (IRBs), which are aligned to the five Core Business Missions. These Boards are responsible for assessing modernization investments relative to their impact on end-to-end business process improvements that support warfighter needs. Board membership spans the entire Department, including OSD, the Services and Defense Agencies. IRBs evaluate each individual modernization proposal to ensure proper cross-DoD integration, avoid duplication of capabilities, and ensure compliance with the BEA and ETP. Based on these factors, IRBs make a certification recommendation to their respective Certification Authority (CA, PSA level). Upon certification by the CA, the modernization proposal is submitted to the DBSMC for final approval.

This process is critical to achieving better and more efficient business operations for the Department. IRBs enhance cost savings and simplify information exchange by prioritizing and controlling investments across OSD and the Components, and reducing system redundancies.

As of February 17, 2006, the DBSMC has approved 226 systems recommended by the IRBs. These systems represent approximately \$3.6 billion in modernization investment funding. Table 2-1 shows a breakout of the total number of systems certified, by Component and IRB. The table does not count multiple certifications for the same system.

**Table 2-1: Systems Certified by Component and IRB**

Component	FM IRB	HRM IRB	RPILM IRB	WSLM & MSSM IRB	Total
	Certified to Date	Certified to Date	Certified to Date	Certified to Date	Certified to Date
Army	4	23	10	11	48
Navy	4	10	4	26	44
Air Force	7	14	3	20	44
Joint Staff	0	1	0	0	1
OSD	1	3	0	9	13
USTRANSCOM	2	0	0	11	13
DECA	0	4	0	0	4
DISA	2	0	0	1	3
DFAS	12	8	0	0	20
DLA	1	0	1	16	18
TMA	0	17	0	0	17
DTIC	0	0	0	1	1
DHRA	0	0	0	0	0
Total	33	80	18	95	226



The IRB/DBSMC certification process has resulted in closer scrutiny of investment spending at both the OSD and Component levels. Components, in particular, have been very aggressive in “self-policing” their IT investment spending activities. Knowing that the IRBs are evaluating similar systems with a view towards global solutions, Components have been careful not to present investment recommendations until they have a valid and well-documented business case. In some cases, programs have been held back one or more months until details could be worked out. In others, programs have been cancelled or merged—in a few instances with programs sponsored by other Components. In situations where a Component has felt a modernization effort might face serious opposition, the Components have, thus far, chosen not to submit a system rather than have it be rejected by an IRB. The DBSMC has not granted any waivers (national security or otherwise) to any business systems for proposed modernization investments, largely due to Components carefully vetting systems before submitting them to the IRBs, as well as seeking assistance from their IRB points of contact.

At the IRB level, two systems to date have had their funding rejected: Intragovernmental Transactions (IGT) and Forward Compatible Payroll (FCP). The Financial Management IRB determined that approving funding for an IGT system was premature, as additional analysis was needed, including the analysis of alternatives. The reason for FCP termination is discussed on page 14. In addition, the IRBs have been very active in requesting additional information or clarification on systems that have gone through the process. In approximately 40 instances, where Components have asked for funding covering a program’s entire modernization, the IRBs have allowed obligation of funds for a shorter period, typically to the next acquisition milestone, in order to force them to more closely monitor progress towards execution. IRBs often require systems to meet specific certification conditions, as a means to ensure that systems are constantly communicating their progress back to the appropriate IRB. Moreover, because of the investment review process, the Services collectively identified over 290 systems for phase-out/elimination. None of these systems was submitted for IRB certification, as they did not require funding for modernization in excess of \$1 million in FY06. Going forward, the IRBs will be conducting certification and annual reviews throughout the year organized in logical groupings of business capabilities, thus achieving a true portfolio view of business system investments across the Department.

## **Approved and Published the Business Enterprise Architecture and the Enterprise Transition Plan**

### Business Enterprise Architecture

The BEA provides the architectural framework for an information infrastructure for the DoD, including business rules, requirements, data standards, information exchanges, and the depiction of policies and procedures. From a technical perspective, the BEA defines the Department’s transformation priorities, the Business Capabilities required to support those priorities, and the combination of systems and initiatives that enable these capabilities.

The BEA, in federation with the Component business architectures, describes the “To Be” vision or transformed state across the DoD BMA. Under a tiered accountability approach, the BEA describes desired Enterprise outcomes, standards, and requirements. Enterprise standards, such as the Department’s Standard Financial Information Structure (SFIS), provide information and data integrity requirements across the BMA. Components are responsible for defining an enterprise architecture associated with their own tier of responsibility, in alignment with BEA enterprise standards and requirements.



The transformation effort defined by BEA 3.0 focuses on providing tangible outcomes for a limited set of priorities, and on developing an architecture that is linked, realistic, and actionable. The scope of BEA 3.0, defined by six Business Enterprise Priorities (BEPs), permits the BEA to develop and expand in a controlled and consistent fashion. As the minor release that complements BEA 3.0, BEA 3.1 (which is being released concurrent with this report) continues these efforts.

BEA 3.1 resolves several of the architecture gaps identified in BEA 3.0 findings and recommendations. Like BEA 3.0, BEA 3.1 addresses only DoD Enterprise business and strategic plans, goals, and objectives.

BEA 3.1 focused on two specific gaps from BEA 3.0 that were identified in the ETP: (1) developing and documenting content on reimbursable intragovernmental transfers; and (2) realigning representation of environment safety and occupational health.

Several other minor architectural changes were made in BEA 3.1 that did not affect the content of the architecture.

#### Enterprise Transition Plan – September 2005 Publication and March 2006 Update

The Enterprise Transition Plan (ETP) is a management tool for business transformation, with measurable plans, schedules, and budgets. The ETP outlines and articulates the Department's priorities for delivering business value to the warfighter through a targeted set of Business Capabilities that are enabled by key programs. The ETP is guided by a focused and adaptable Business Enterprise Architecture.

The September 2005 ETP addresses the six Business Enterprise Priorities at the DoD Enterprise level and contains transformation plans for the three Military Departments; the two Defense Agencies most critical to business transformation, the Defense Finance and Accounting Service (DFAS) and Defense Logistics Agency (DLA); and the one Combatant Command (COCOM) most important to business transformation, United States Transportation Command (USTRANSCOM).

The September 2005 ETP complies with FY05 NDAA requirements for a transition plan to implement the Business Enterprise Architecture. The ETP presents the acquisition strategy for new systems and lists all systems that are part of BEA 3.0, as well as all systems from across the Department that have more than \$10 million in planned investment (IRB Tier 1 and Tier 2). The ETP contains a termination schedule for those legacy systems that will be replaced by systems in the target BEA environment. With a few exceptions, as noted in Chapter 4 of the September 2005 ETP, the plan contains time-phased milestones, performance metrics, and a statement of resource needs for new and existing systems that will be part of the BEA. Consistent with tiered accountability, systems outside the scope and organizational span of the BEA are managed within Component transition plans.

The ETP is updated in Section III, Section IV, and the appendices to this report. The update provides information on transformation progress since the September 2005 ETP, including key accomplishments and milestones attained. The update also provides information on near-term activities at the Enterprise and Component levels in support of identified priorities and indicates which limitations and gaps identified in the September 2005 ETP have been closed. For those that have not been closed, the update indicates how the Department plans to close them.

As part of this report, the ETP appendices provide performance measures, including the status of specific milestones and an explanation of revisions to any milestone. The detailed

#### **The six Business Enterprise Priorities (BEPs):**

- Personnel Visibility
- Acquisition Visibility
- Common Supplier Engagement
- Materiel Visibility
- Real Property Accountability
- Financial Visibility



update contained in these appendices also provides current information on resource needs, metrics, and migration and termination dates for systems.

## Delivered Enterprise-Level Capability Improvements

The BEPs provide a focus for the transformation of the Department's Core Business Missions. Some of the key BEP accomplishments over the last year include:

### Personnel Visibility

- Deployed a capability that allows real-time encounter documentation and enables retrieval of an electronic full medical record at the point of care. The Military Health System recently leveraged this electronic record capability in support of Hurricane Katrina victims by enabling healthcare providers to access electronic records of patients who had fled the hurricane. Using AHLTA, the Military Electronic Health Record (EHR) provided the continuity of care these patients required.

### Acquisition Visibility

- Released Defense Acquisition Management Information Retrieval (DAMIR) 2.2, which provides: capability to submit electronic Selected Acquisition Reports (SARS) to Congress in lieu of paper reports, new SAR content, enhanced data visibility, interface updates, and additional features designed to meet the growing information needs of the Weapon System Lifecycle Management (WSLM) Core Business Mission (CBM).
- Achieved Full Operational Capability (FOC) with the implementation of US Export Systems (USXPORTS) V4.0 in January 2006—providing easy and timely electronic access to pertinent export data in a manner vigilant to national security interests and protective of industry proprietary data. This accomplishment significantly reduces paper handling, enhances data retrieval, allows the automatic generation of security alerts, and establishes a secure electronic environment to facilitate review by authorized DoD users outside of the Washington area.

### Common Supplier Engagement

- Provided an Enterprise-wide view of sourcing data by initiating the implementation of enterprise spend analysis capability through the Acquisition Spend Analysis Service (ASAS).
- Deployed web-enabled Taxpayer Identification Number (TIN) validations to ensure data integrity between DoD and the Internal Revenue Service (IRS).
- Implemented first phase of automated contingency contracting capability (CC-SF44) for in-theater use. Electronic SF-44 will significantly improve the accuracy, accountability, and visibility of procurement transactions conducted in operational environments.

### Material Visibility

- Completed initial military equipment valuations for 1,101 military equipment acquisition programs. These initial program valuations are the starting point for establishing a military equipment valuation baseline at the end of FY06 and supporting the achievement of a clean audit.

### Real Property Accountability

- Achieved Initial Operational Capability (IOC) for the site Unique Identifier Registry (UID), the first step in accurate, authoritative, comprehensive, and secure Enterprise-wide real property information. In support of the site UID registry, unique identifiers are being assigned to DoD sites in accordance with BEA 3.0, the initial operational capability requirement, and the *Real Property Inventory Requirements* document.

### Financial Visibility

- Integrated the Intragovernmental Transactions (IGT) reimbursable process model for intragovernmental transactions into the BEA 3.1.



- Extended a common DoD financial language by incorporating SFIS into “blueprints” for all emerging financial management systems and into certification requirements for twenty-nine existing systems.
- Completed ahead of schedule Standard Fiscal Code compliant General Fund financial reporting capabilities for the Army and six Defense Agencies, which will enable over 78 million transactions per month to be posted to the corporate general ledger.
- Established SFIS data library via Web service capabilities for the DoD Enterprise. SFIS provides the common vocabulary for use in all financial aspects of DoD business operations. The SFIS library exposes this vocabulary to the entire DoD Enterprise.

A comprehensive list of BEP business transformation accomplishments is included in Section III.

## Case in Point: Military Equipment Valuation

The more we know about the military equipment we have now, the better investment decisions we will be able to make to support the warfighter. With the implementation of the Military Equipment Valuation (MEV) initiative, the total acquisition cost of these assets, which includes such equipment as M-1 tanks, F-16 airplanes, and DDG-51 destroyers, is consistently determined, giving DoD decision makers access to comparable information over time and between programs.

Military equipment accounts for approximately three-fourths of the Department’s general property, plant and equipment—the largest single item on the DoD balance sheet—and more than 25 percent of DoD’s total assets. To meet this challenge of determining the value of military equipment, DoD developed a way to consistently establish the cost of military equipment based on a set of principle-based business rules that were applied to cost each piece of military equipment in 1,101 programs. Because no system previously existed, the Capital Asset Management System-Military Equipment (CAMS-ME) was developed to maintain and update military equipment valuation data. CAMS-ME values work-in-process, determines a value for each military equipment asset, and performs fixed asset accounting.

As a result of the MEV initiative, DoD has established, for the first time in its history, the acquisition cost and useful life of each item of military equipment in the DoD inventory, using a consistent approach that can be audited. Having this information:

- Allows better investment planning for replacements by more accurately capturing the cost and age of existing military equipment;
- Provides for visibility into the portfolio of programs and their contributions to related capabilities; and
- Provides a key step toward obtaining a clean audit opinion for DoD and the federal government.

Accomplishment of this major milestone is part of the Department’s drive to fulfill the promise in the President’s Management Agenda to “secure the best performance and highest measure of accountability for the American people.” Establishing these values shows accomplishment of commitments detailed in the Enterprise Transition Plan for business transformation and in the Financial Improvement and Audit Readiness (FIAR) Plan for obtaining a clean audit.

While establishing these values is a major accomplishment, there is more work to be done. Next steps include updating the military equipment valuations to a common date of June 30, 2006, to establish baseline balances for FY06 and prior expenditures; continuing to develop CAMS-ME to continuously update the costs and report them on the DoD quarterly financial statements; and obtaining an audit of the updated costs from the DoD Inspector General.

## Delivered Component-Level Capability Improvements

Some key business transformation accomplishments of the Components over the last year include:

### Department of the Army

- Implemented IT investment governance and guidance to initiate portfolio management at the Mission Area/Domain level and provided a portfolio management tool, which is called the Army Portfolio Management Solution (APMS).
- Instituted a portfolio review process that ensures all Army IT investments found within the Mission Area/Domain governance structure are reviewed for: duplicate and/or stovepiped capabilities, architecture compliance, interoperability and integration. The initial round of IT investment reviews was successfully conducted by the Army Portfolio Review Committee



(senior Army leadership) resulting in recommendations that will strengthen the process, and ensure it meets the Army goals with respect to managing IT investments.

#### Department of the Navy

- Integrated Supply Maintenance Aviation Reengineering Team (SMART) pilot into consolidated Navy Enterprise Resource Planning (ERP), completing the first step in DON's consolidation of four ERP pilot projects under one single Navy ERP. When complete, Navy ERP will provide the Navy reduced supply/maintenance cycle times, increased financial accuracy, elimination of redundant applications and databases, enhanced configuration management, reduced IT systems costs, and inventory reduction.
- Completed Joint Financial Management Improvement Program (JFMIP) testing of the Standard Accounting, Budget, and Reporting System (SABRS) for the USMC Financial Improvement Initiative (FII).

#### Department of the Air Force

- Deployed the Manpower Programming and Execution System (MPES), web-enabling the entire programming and execution process for manpower resources and providing savings in excess of \$20 million over the Future Years Defense Program (FYDP).
- Awarded contracts for a software solution for Defense Enterprise Accounting Management System (DEAMS) and corresponding program management support. When complete, DEAMS will be a cross-service application that reflects best practices in financial management applied consistently across Air Force and USTRANSCOM, with potential for expansion throughout the DoD.
- Conducted Standard Financial Information Structure conference to ensure that the DEAMS community is aware of SFIS requirements and impact to the Air Force. SFIS represents a significant step towards the integration of financial data and reporting throughout the federal government, as it will aid in the pursuit to achieve clean audit opinions for DoD and Air Force financial statements.

#### Defense Logistics Agency (DLA)

- Implemented Business Systems Modernization (BSM) Release 2.2 (December 2005) that completes the BSM-approved blueprint and provides the functionality required to attain Full Operational Capability (FOC) by FY07. BSM will provide improved forecast accuracy and reduced administrative lead-time, allowing reduced inventory levels, as well as more efficient, cost-effective processing of transactions.
- Received approval via a Full Rate Production Decision in December 2005 for implementation of the Asset Visibility application in the Integrated Data Environment (IDE), which replaced the legacy Joint Total Asset Visibility (JTAV system). Asset Visibility provides Combatant Commanders and warfighters with information regarding assets in-storage, in-transit, and in-process, improving management of the supply chain, including reduction of the duplicative requests for materiel.

#### U.S. Transportation Command (USTRANSCOM)

- Identified, with DLA, 30 distribution process gap areas and opportunities with linkages to major DoD distribution initiatives in DoD's End-to-End (E2E) global supply chain by employing joint integrated process teams (DLA) and global site visits and surveys (USTRANSCOM). The 30 gaps were then validated, prioritized, and assigned sponsors by panels representing the Combatant Commands, Services, Defense Agencies, Joint Staff, and OSD.
- Partnered with DLA to analyze the opportunity to converge two separate information systems, Integrated Data Environment (IDE) and the Global Transportation Network (GTN), to enhance E2E capability for the warfighter. The convergence is expected to provide a common logistics backbone for the sustainment and distribution segments of DoD's Global Supply Chain.



Defense Finance and Accounting Service (DFAS)

- Improved support to Wounded In Action (WIA) service members by implementing a VIP support structure to resolve pay issues and to meet recent legislative enactments. For example, WIA team successfully improved management of WIA soldier pay accounts at Landstuhl Army Hospital in Germany by the timely processing of 1,274 combat zone pay entitlements for injured soldiers.
- Reviewed and terminated the Forward Compatible Payroll (FCP) program in favor of a single concerted effort toward implementing the Defense Integrated Military Human Resources System (DIMHRS). During this period, the Department determined that it was unnecessary to continue investing in two military payroll solutions, since the intended interim solution (FCP) was taking longer than anticipated to implement, and deployment of the long-term solution (DIMHRS) is being expedited.

A comprehensive list of Component business transformation accomplishments is included in Section IV.

### Case in Point: Joint Deployment Distribution Operations Center (JDDOC)

The United States Transportation Command (USTRANSCOM) established the first Joint Deployment Distribution Operations Center (JDDOC) for the U.S. Central Command (CENTCOM) in Kuwait in January 2004, and has improved operations significantly since its inception. Just as any global business would do when entering a new market, the CENTCOM JDDOC (CDDOC) assembled a team of logistics experts – each specializing in a different area and each with knowledge of information technology, materiel, and transportation management systems – and gave them authority to direct air and seaport operations and cross-country moves in the theater (in this case, CENTCOM's area of responsibility (AOR), which includes Kuwait, Iraq, and Afghanistan). The JDDOC construct will be codified in doctrine to institutionalize the benefits of this approach.

The CDDOC deployed with four significant objectives:

- Provide total asset visibility and in-transit visibility for force flow, sustainment, and retrograde (recovering and returning military materiel and supplies);
- Refine theater distribution architecture in coordination with Joint Staff and the Services;
- Synchronize strategic and operational distribution; and
- Develop strategic and operational distribution performance measures.

One of the biggest challenges that CDDOC faced was container management. When CDDOC arrived in theater, it identified 23 sources for container data, discovered thousands of containers were missing from the in-transit visibility system, and found detention charges were accruing every month. CDDOC developed a partnership with the Army, the Coalition Forces Land Component Command, the Coalition Joint Task Force 7, and the Surface Deployment and Distribution Command (SDDC) to collectively determine how to return carrier-owned containers and reduce the charges. As such, CDDOC helped develop and execute a plan for container management in the CENTCOM AOR.

CDDOC provided theater logisticians with immediate access to subject matter logistics experts and their specialized reach back, and authorized the experts to make decisions on behalf of their respective commands. That way, any problems that occurred during the transitioning of forces could be quickly remedied. By all accounts, the CDDOC has been a resounding success. So far, for example, it has achieved the following:

- **Shorter lead times:** Order fulfillment lead times for stocked items, shipped by air from the United States, have dropped by more than 45 percent since the peaks recorded in 2003.
- **Shorter delivery time:** The average wait time from the Defense Distribution Center in Kuwait (DDKS) and Theater Distribution Center to receipt by the customer was improved from 22 days in March 2005 to a current 12.2 days and nearing the goal of 9 days.
- **Lower costs:** Improved synchronization of transportation allowed the Army to cut costs by \$268 million in FY04. From October 2004 through November 2005, USTRANSCOM avoided \$345.12 million in extra costs by shifting transportation modes from airlift to sealift or from truck to rail, canceling redundant storage contracts after DLA built the DDKS changing the management and repair of 463L pallets, returning transportation equipment to the supply system and upgrading a lower cost communications system/mode. Overall validated cost avoidances facilitated by the Distribution Process Owner (DPO) were \$638.42 million as of November 2005. The JDDOC in the Central Command (CDDOC) was responsible for \$50.58 million of these costs.
- **Better on-time performance:** On-time delivery rates now hover around 92 percent.
- **Improve operations and avoid costs:** The CDDOC improved readiness by intensively managing critical items, such as add-on-armor kits, and by carefully managing unit moves with the Single Ticket Program. Single Ticket accelerated force movements, increased troop airlift efficiency and pushed passenger seat utilization above 94 percent. The CDDOC teamed with Air Mobility Command (AMC) to improve 463L pallet inventory tracking, reducing cycle time and making an additional 18,000 pallets available for use (a savings of \$27.9 million).
- **Improved flexibility:** Better information has enabled better allocation of resources, even while they're in transit. For example, 120 ocean containers have been redirected en route in response to modifications in customer requirements, and orders equal to approximately 1,700 ocean containers have been satisfied through cross-leveling of inventories belonging to various organizations in theater. The cost of storing cargo in containers has been reduced from a high of \$16 million per month to less than \$11 million.



## Status of Milestones from March 2005 Report to Congress

In last year's Report to Congress, the Department provided a number of milestones for business transformation, organized chronologically by quarters. Almost all of these milestones have been fully completed (as indicated by ✓ in the lists below), and the remainder have been partially completed. A status update on all of these milestones is provided below.

### Spring 2005

- ✓ Fully organized the roles and mission of the DBSMC
- ✓ Established Approval Authorities and IRBs
- ✓ Implemented standardized IRB and certification processes
- ✓ Approved high priority capabilities for business transformation
- ✓ Updated the Business Enterprise Architecture (BEA)
- ✓ Developed Interim Transition Plan and Program Baseline containing:
  - DoD Enterprise-wide initiatives
  - Component Transition Plans for Major Automated Information systems (MAIS) initiatives covering 80% of total system investments across the Department
- ✓ Established IRBs supporting Core Business Missions by DBSMC

### Summer 2005

- ✓ Established the BMMP acquisition strategy for DoD Enterprise IT systems
- ✓ Established a streamlined systems certification process based on clear criteria and tiered accountability
- ✓ Completed first round of FY06 system reviews by IRBs

### Fall 2005

- ✓ Developed, approved, and published BEA 3.0, addressing the high priority capabilities necessary for continued transformation of the DoD business enterprise
- ✓ Developed, approved, and published the Enterprise Transition Plan, identifying the critical systems and initiatives necessary to achieve the high priority transformation objectives for the DoD business enterprise
- ✓ Initiated second round of FY06 system reviews by IRBs
- ✓ Met the system certification requirements against the BEA through the IRBs and the DBSMC
- ✓ Established program baseline for initial business capability set
- ✓ Integrated the DoD Enterprise-level business capability development plan with the financial management strategic plan for achieving sustainable auditability

### To Be Completed by March 30

- Implement first increment of BMMP solutions
- Deliver first increment of capability-focused products for DoD-wide implementation (increments will be delivered in rolling 6-month intervals)

### On Going

- Integrate the BEA with the existing Component-level architectures by establishing links between architecture elements at both levels

Further discussion of these items is provided in the following sections for each Business Enterprise Priority, in Section III, and each Component, in Section IV. Following this, the next steps for business transformation are described in Section V.



## III: Enterprise Transformation Update

This section provides an update on the Department's six Business Enterprise Priorities.

### BEP Descriptions and Benefits

**Personnel Visibility** is focused on providing access to real time, reliable personnel information for warfighter mission planning. Benefits include timely and accurate access to compensation and benefits for DoD personnel and their families and ensuring that Combatant Commanders have access to timely and accurate data on personnel and their skill sets.

**Acquisition Visibility** is focused on providing transparency and access to acquisition information that is critical to supporting full lifecycle management of the Department's processes that deliver weapon systems and automated information systems. Benefits include enabling planning and execution of acquisition programs to enhance stability and support managing a proper balance of life cycle cost, schedule, risk, and performance; enabling traceable management of capabilities-focused portfolios; balancing technology maturity levels, execution risk, and expectations within available resources; and fostering a net-centric, information-sharing work culture.

**Common Supplier Engagement** is focused on aligning and integrating policies, processes, data, technology and people to simplify and standardize the methods that DoD uses to interact with commercial and government suppliers. Benefits include reliable and accurate delivery of acceptable goods and services to the warfighter, reduced backlogs, and the elimination of redundant program-specific reporting systems.

**Materiel Visibility** is focused on improving supply chain performance and providing transaction visibility across logistics systems in support of the joint warfighting mission. Benefits include timely and accurate information on the location, status, accountability, and valuation of unit equipment, materiel and supplies for the warfighter. Materiel Visibility will improve the delivery of enhanced capability to the warfighter as measured in terms of responsiveness, reliability and flexibility.

**Real Property Accountability** is focused on providing access to near-real time secure, accurate and reliable information on environmental, workforce, hazardous material, and real property assets in which the Department of Defense has a legal interest. It is also concerned with information regarding environment, safety and occupational health sustainability throughout DoD. Benefits include increased access to more reliable and accurate real property information and decreased operational costs.

**Financial Visibility** is focused on providing timely access to accurate and reliable financial information in support of financial accountability and efficient and effective decision making. Benefits include standardized financial data and reporting processes that enable decision makers to reliably evaluate program options and resource constraints. This will also contribute to the Department's ability to better depict its financial condition as confirmed by clean audit opinions.



The status of each BEP is provided later in this section, using the September 2005 ETP as the baseline, with updates in each of the following areas:

- Key Accomplishments since September 2005 ETP
- Major Milestones Planned in FY06 and FY07
- Limitations and Gaps from September 2005 ETP
- Near-Term Activities
- Component Integration

#### Enterprise Business Transformation Programs

DoD leadership has designated accountable programs at the Enterprise level to provide improvements to the required Business Capabilities. These accountable programs—both systems and initiatives—are shown in Figure 3-1. For all solutions, deployment involves implementing process and policy changes, training staff, implementing the necessary facility improvements, as well as realigning organizations and roles to the target solution to increase business value.

**Figure 3-1: DoD Business Enterprise Priorities Systems and Initiatives**

Personnel Visibility	Acquisition Visibility	Common Supplier Engagement	Materiel Visibility	Real Property Accountability	Financial Visibility
AHLTA DCPDS DIMHRS DTS	DAMIR USXPORTS	ASAS CPARS CC-SF44 DBSE DoD EMALL EDA <i>Federal IAE</i> - CCR - EPLS - eSRS - FBO - FedReg - FedTeDS - FPDS-NG - ORCA - PPIRS - WDOL SPS WAWF	IUID MEV (CAMS-ME) MILS to EDI or XML RFID	ELRV&RR HMPC&IMR RPAR RPIR RPUID	BEIS DCAS IGT PB Framework SFIS
<div> <div>■ System</div> <div>■ Initiative</div> </div>					

Notes:

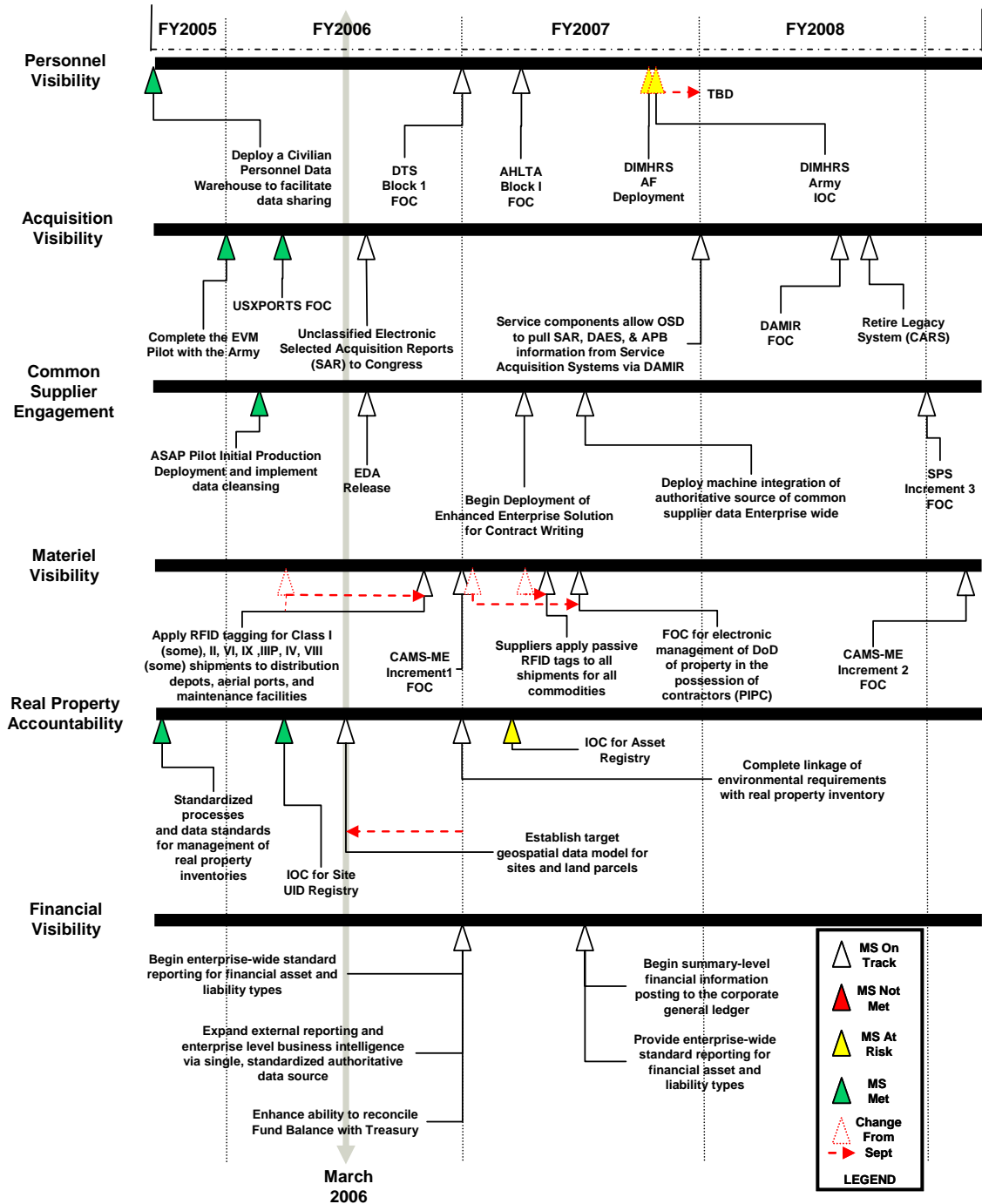
- Some initiatives listed above include systems that have a different name than the initiative itself. (Systems are shown in parentheses.)
- Since the September 2005 ETP, the Personnel Visibility system CHCS II has been renamed AHLTA.



## Key Milestones by BEP

Figure 3-2 illustrates milestones achieved and planned as of 31 December 2005. All milestones to the left of the vertical line have been achieved; the remainder are planned.

Figure 3-2: Key Milestones by BEP



DoD Enterprise and Component Budget Summary for Business Systems Transformation

Table 3-1 is an update of the budget summary from the September 2005 ETP. This update reflects amounts in the FY07 President's Budget, as submitted in February 2006. The table provides a summary of budgeted investment resources required for the programs and offices supporting the Business Enterprise Priorities and Component priorities.

**Table 3-1: DoD Enterprise and Component Budget Summary**

CBM/Component		FY05 & Earlier	FY06	FY07	Total
Enterprise	Human Resources Management	1,897.1	408.2	326.6	2,631.9
	Weapon System Lifecycle Management & Materiel Supply & Service Management	732.2	205.3	220.0	1,157.5
	Real Property & Installations Lifecycle Management	3.9	-	-	3.9
	Financial Management	319.4	33.5	23.3	376.2
	BMMP (TSO and CBM support)	433.9	164.1	-	598.0
	BTA (Former BMMP portions, see note)	-	-	170.2	170.2
	<b>Enterprise Total</b>	<b>3,386.4</b>	<b>811.1</b>	<b>740.2</b>	<b>4,937.7</b>
Component	Army	2,227.9	588.2	779.1	3,595.2
	Navy	6,504.9	2,039.0	2,148.7	10,692.6
	Air Force	928.9	430.0	533.2	1,892.1
	DFAS	29.5	7.4	6.7	43.6
	DLA	1,475.8	350.8	212.4	2,039.0
	USTRANSCOM	7.2	12.3	11.3	30.8
<b>Component Total</b>		<b>11,174.2</b>	<b>3,427.7</b>	<b>3,691.4</b>	<b>18,293.3</b>
<b>TOTAL</b>		<b>14,560.6</b>	<b>4,238.8</b>	<b>4,431.6</b>	<b>23,231.0</b>

Note: The funding shown for the BTA in the table above represents only those budget lines that correspond to the former BMMP. Funding for specific BTA systems and initiatives is reflected in the rows for the corresponding CBM. Total funding for all BTA budget lines in FY07 is \$335.8 million.



### Personnel Visibility Objectives

The core set of objectives for this BEP include:

- Provide access to more reliable and accurate personnel information for warfighter mission planning;
- Decrease operational cost and cycle times, enabled by increased consistency of data, reduced re-work and data calls;
- Improve accuracy, completeness, and timeliness of personnel strength reports;
- Reduce or eliminate duplicative data capture and access activities;
- Ensure accurate and timely access to compensation, quality of life and other benefits for DoD personnel and their families;
- Ensure accurate and timely access to data on personnel and their skill sets for Combatant Commanders;
- Improve occupational safety through analysis of environmental and safety information and related personnel exposures; and,
- Improve military healthcare delivery through implementation of an electronic medical record.

## Personnel Visibility

Personnel Visibility (PV) includes real time, reliable information that provides visibility of military service members, civilian employees, military retirees, contractors (in theater), and other U.S. personnel, across the full spectrum—during peacetime and war, through mobilization and demobilization, for deployment and redeployment, while assigned in a theater of operation, at home base, and into retirement. This provides for timely and accurate access to compensation and benefits for DoD personnel and their families and ensures that Combatant Commanders have access to the timely and accurate data on personnel and their skill sets.

Personnel Visibility is the fusion of accurate human resources (HR) information and secure, interoperable technology. An example of the impact of PV was demonstrated recently when the Military Health System leveraged recent electronic record capability in support of Hurricane Katrina. When 25 hospitalized patients and 31 mothers-to-be were forced to flee from Hurricane Katrina without medical records, healthcare providers hundreds of miles away were able to access their electronic records, using AHLTA, the Military Electronic Health Record (EHR), providing all with the continuity of care these patients required. Storing these records electronically also helps prevent them from getting lost, like so many important documents that were destroyed in the floodwaters of Hurricane Katrina.

## Key Accomplishments since September 2005 ETP

### Personnel and Pay

- Army completed the Defense Integrated Military Human Resources System (DIMHRS) Go Forward Assessment and is proceeding with DIMHRS implementation. The Army presented the results of their DIMHRS assessment to the DBSMC in December 2005. As a result, the DBSMC directed the Army to go forward with DIMHRS implementation and the other Services to conduct assessments. The Air Force has recently completed their assessment and the Navy assessment is in process.
- Deployed a civilian personnel data warehouse to facilitate data sharing.
- Retired the legacy civilian corporate database.
- Completed the information assurance reaccreditation of Defense Civilian Personnel Data System (DCPDS).
- Updated Military Personnel and Pay Business Standards to reflect most current law and policy changes.
- Began integration of Service Architectures into Human Resources Management (HRM) architecture.
- Initiated development of military Manpower Business Standards.

### Military Health System

- Submitted an Initial Capability Document (ICD), to develop enhanced medical situational awareness capability, for JCIDS staffing.
- Began monthly transmission of electronic pre- and post-deployment health assessments to the Federal Health Information Exchange (FHIE) data repository. Through December 2005, over 475,000 pre- and post-deployment health assessments have been transmitted on over 248,000 individuals. Messages were transmitted to the data repository on more than 3.2 million unique retired or discharged service members. Veterans Administration (VA) implemented the capability to retrieve the data in December 2005.



- Implemented Bidirectional Health Information Exchange (BHIE) at seven hospitals, improving healthcare delivery and customer satisfaction for care of shared patients at joint sites. DoD transmits to VA on a monthly basis: laboratory results, radiology results, outpatient pharmacy data, allergy information, discharge summaries, consult reports, admission, disposition and transfer information, elements of the standard ambulatory data records and demographic data on separated service members. VA providers and benefits specialists access this data daily for use in the delivery of health care and claims adjudication.
- Stored 172,782 outpatient encounters in a central theater database, providing patient visibility across the Department and the VA. This provides visibility of previously unknown medical information once the DoD personnel have returned from a theater of operation.

**Table 3-2: Major Milestones Planned in FY06/FY07**

(✓ = Milestone Achieved)

FY06 Milestones	FY07 Milestones
<ul style="list-style-type: none"> <li>✓ Deploy a civilian personnel data warehouse to facilitate data sharing</li> <li>✓ Retire the legacy civilian corporate database by March 2006</li> <li>✓ Complete the information assurance reaccreditation of DCPDS by March 2006</li> <li>✓ Deploy a capability that allows real-time encounter documentation and enables retrieval of an electronic full medical record at the point of care</li> <li>✓ Update Military Personnel and Pay Business Standards to reflect most current law and policy changes</li> <li>✓ Begin integration of Service architectures into HRM architecture</li> <li>✓ Initiate development of baseline military Manpower Business Standards</li> <li>• Develop a single Systems Integration Test (SIT) to start the process of testing the single deployable release of an integrated military personnel and pay capability (Q4)</li> <li>• Initiate the study for an integrated DoD civilian HR/payroll providing a baseline economic case for development and implementation (Q4)</li> <li>• Deploy an Automated Permanent Change of Station Travel Capability (Q4)</li> <li>• Implement DCPDS Enterprise-wide tools for use in advanced reporting and data warehousing capability (Q4)</li> <li>• Begin development of new baseline for Permanent Change of Station Business Standards (Q4)</li> </ul>	<ul style="list-style-type: none"> <li>• Update baseline of temporary duty Business Standards for all DoD personnel (Q2)</li> <li>• Begin deployment of integrated dental documentation and practice guideline capabilities (Q2)</li> <li>• Update baseline Military Personnel and Pay Business Standards to reflect most current law and policy changes (Q4)</li> <li>• Complete integration of Service architectures into HRM architecture (Q4)</li> <li>• Complete development of baseline military Manpower Business Standards (Q4)</li> <li>• Complete new baseline for Permanent Change of Station Business Standards (Q4)</li> <li>• Identify functional requirements for an integrated staffing solution to enhance staffing and recruitment functionality and integration with e-Gov Recruitment One-Stop (Q4)</li> </ul>

- The Business Transformation Agency Defense Business Systems Acquisition Executive (DBSAE) is in the process of re-baselining the DIMHRS program. The DBSAE will establish the revised schedule and program costs when the re-baselining is complete.



- The Assistant Secretary of Defense for Health Affairs changed the name of the Composite Health Care System II (CHCS II). It is now called AHLTA. AHLTA stands for Armed Forces Health Longitudinal Technology Application; however, the system should simply be known as the acronym.

### Limitations and Gaps from September 2005 ETP

The following gap from the September 2005 ETP requires resolution:

- Legacy systems termination decisions are based on deployment of DIMHRS at FOC to each Component. Termination dates, as determined by the DBSAE, will be specified in the Department of Defense Information Technology Portfolio Repository (DITPR) and reported in the September 2006 ETP.

### Near-Term Activities

#### Personnel and Pay

- The schedule for deployment of DIMHRS will be included in the program re-baselining currently in process by the BTA/DBSAE.
- Complete Service DIMHRS Assessments.
- Continue with DIMHRS development and deployment in accordance with the re-baseline approved by the DBSMC.
- Develop a single Systems Integration Test (SIT) to start the process of testing the single deployable release of an integrated military personnel and pay capability.
- Begin DIMHRS testing in accordance with a DBSAE approved Test & Evaluation Master Plan (TEMP).
- Identify functional requirements for an integrated staffing solution to enhance staffing and recruitment functionality and integration with e-Gov Recruitment One-Stop.
- Initiate the study for an integrated DoD civilian HR/payroll, providing a baseline economic case for development and implementation.
- Complete deployment of initial DCPDS corporate data Enterprise-wide tools and advanced reporting capability for civilian HR, resulting in an increase in timeliness and accuracy of reporting to managers.
- Initiate a study to identify the technical and functional requirements, operating environment, resources, organizational restructuring, timeline, and cost savings for the integration of the civilian HR enterprise system (DCPDS) with payroll functionality.
- Complete integration of Service architecture into HRM architecture.
- Complete development of baseline military Manpower Business Standards.
- Update Military Personnel and Pay Business Standards baseline to reflect most current law and policy changes in FY07.
- Define baseline Permanent Change of Station Business Standards.
- Refine temporary duty Business Standards baseline for all DoD personnel.
- Complete new baseline of Permanent Change of Station Business Standards.

#### Military Health Services

- Begin deployment of integrated dental documentation and practice guideline capabilities.
- Submit AHLTA Capabilities Description Document (CDD) to articulate patient visibility requirements.
- Enable additional data elements from the military electronic health record to be viewed by the VA for shared patients in FY06.
- Integrate DoD and VA systems exchange outpatient pharmacy and medication allergy data on shared patients.



## Component Integration

To date, Personnel Visibility is highly integrated with the Services, as with the assessments of and implementation of DIMHRS; the enhanced visibility of Civilian personnel information provided by DCPDS; the enhanced visibility of patient information across the Department, including the Combatant Commanders, as well as with the VA; and with the enhanced visibility of personnel travel provided by the Defense Travel System (DTS).

The following support Personnel Visibility integration with Components in the future:

- The Civilian Personnel Management Service (CPMS) will be working with Components to identify the technical and functional requirements, operating environment, resources, organizational restructuring, timeline, and cost savings for the integration of the civilian HR enterprise system (DCPDS) with payroll functionality. CPMS will also work with Components to identify goals and develop an implementation strategy for integrating modules supporting functionality currently provided by stand-alone applications.
- PV is sponsoring a series of “HRM Architecture Sharing Days” with the Components and HRM sub-mission areas. The goal of these sessions is to provide the Components and sub-mission areas with an understanding of the HRM architecture, its linkage to the BEA through Personnel Visibility, and the way forward in integrating HRM Architectures. As a result of these sessions, the Office of the Under Secretary of Defense (Personnel and Readiness) (OUSD(P&R)) is supporting the development and integration of the Air Force enterprise architecture for Military Personnel and Pay capabilities supporting Personnel Visibility. HRM plans to complete integration of Service Architectures, necessary to support Personnel Visibility, into HRM Lines of Business and the BEA in FY07.
- The USD(P&R) has established an HRM CBMA Community of Interest as a forum to work with the Components to identify and validate HRM priorities, capabilities, standards, goals and objectives at the Component, PSA and Enterprise levels.
- AHLTA is the Department of Defense's global electronic health record and central data repository. The Medical Health Service priorities, capabilities standards, goals and objectives at the Component, PSA and Enterprise levels are established and validated by the MHS Community of Interest.
- For DIMHRS, the DIMHRS O-8 Steering Committee has been established with representatives from JCS, Army, Navy, Air Force, OUSD (P&R), and DFAS, to drive timely implementation of DIMHRS, resolve DIMHRS related issues within the Services, develop service-unique capabilities, define and approve specific Service requirements, and seek budget resources to implement DIMHRS.
- The DTS Program Management Office (PMO) and the Components are working together to overhaul the Department's business/operational travel and related processes, as well to simplify business travel entitlements. When a location is scheduled for implementation, the PMO and the Component jointly visit the location to conduct a site visit. During these visits, they discuss DoD Enterprise and Component travel issues, local business rules and aim to reengineer business processes specific to that location.



### Acquisition Visibility Objectives

The core set of objectives for this BEP include:

- Address the full lifecycle of acquisition management, to include: requirements definition, technology development, production, deployment, sustainment, and disposal;
- Identify standard data requirements, authoritative data sources, relevant business rules, standard interfaces, and/or Enterprise-wide solutions;
- Provide accessibility, continuity and accountability of acquisition information required by managers and decision makers;
- Respond to new requirements for acquisition related business transformation capabilities;
- Provide cross-cutting transformation support to a user community with diverse WSLM Core Business Mission requirements;
- Integrate the diverse aspects of Defense acquisition, technology and logistics into a balanced and coherent process that supports the National Security Strategy and makes the most effective use of resources provided; and
- Ensure compliance and consistency with WSLM Core Business Mission goals and objectives.

## Acquisition Visibility

Acquisition Visibility (AV) is defined as achieving timely access to accurate, authoritative, and reliable information supporting acquisition oversight, accountability, and decision making throughout the Department for effective and efficient delivery of warfighter capabilities.

Acquisition Visibility brings transparency to critical information supporting full lifecycle management of the Department's processes that deliver weapon systems and automated information systems. This goal fully supports the responsibilities, scope, and business transformation requirements of the Weapon System Lifecycle Management (WSLM) Core Business Mission.

### Key Accomplishments since September 2005 ETP

#### Defense Acquisition Management Information Retrieval (DAMIR)

- Completed successfully the Earned Value Management (EVM) Pilot. The February 2006 release of the Army's DAMIR Support Web services and the updated version of the Army's Acquisition Information Management (AIM) system have enabled OSD to obtain automatically updated earned value data on a monthly basis.
- Released DAMIR 2.2, which provides: capability to submit electronic Selected Acquisition Reports (SARs) to Congress in lieu of paper reports, new SAR content, enhanced data visibility, interface updates, and additional features designed to meet the growing information needs of the Weapon System Lifecycle Management (WSLM) Core Business Mission (CBM).

#### USXPORTS

- Achieved Full Operational Capability (FOC) with the implementation of USXPORTS V4.0 in January 2006—providing easy and timely electronic access to pertinent export data in a manner vigilant to national security interests and protective of industry proprietary data. This accomplishment significantly reduces paper handling, enhances data retrieval, allows the automatic generation of security alerts, and establishes a secure electronic environment to facilitate review by authorized DoD users outside of the Washington area.
- Achieved full migration from the legacy system Technology Protection System (TPS) in February 2006.

**Table 3-3: Major Milestones Planned in FY06/FY07**

(√ = Milestone Achieved)

FY06 Milestones	FY07 Milestones
<b>DAMIR:</b> <ul style="list-style-type: none"> <li>√ Complete Earned Value Management Pilot with the Army</li> <li>√ Capability to deliver unclassified SAR data to be provided to Congress electronically via DAMIR Purview</li> <li>• Unclassified SAR data to be provided to Congress electronically via DAMIR Purview. Classified SAR data to be provided to Congress via classified annex (Q3)</li> </ul>	<b>DAMIR:</b> <ul style="list-style-type: none"> <li>• Service Components provide access to acquisition information directly from their Service Acquisition Information Systems via DAMIR Web services rather than entering data into CARS (Q4)</li> </ul>



FY06 Milestones	FY07 Milestones
<b>USXPORTS:</b> <ul style="list-style-type: none"> <li>✓ Full Operational Capability (FOC): DoD capability for regulatory review and recommendations submission for commercial business request to export DoD technology</li> <li>✓ Migration from the legacy system Technology Protection System</li> </ul>	

### Limitations and Gaps from September 2005 ETP

For the following gap from the September 2005 ETP that requires resolution, AV plans to:

- Obtain full funding for DAMIR “unfunded gaps” or re-align DAMIR milestones and associated ETP input based on actual funding availability. (Due to the emergence of new information regarding transformation initiatives and unfunded requirements, selected milestones and related spiral development activities for DAMIR are dependent on reallocation of existing FY06 funds.)

### Near-Term Activities

- Establish a governance structure for the WSLM CBM that will include designation of lead agents responsible for specific activities and products required to support the responsibilities, scope, and business transformation requirements of the WSLM Core Business Mission.
- Deliver unclassified electronic SARs to Congress via DAMIR.
- Release the Defense Acquisition Executive Summary (DAES) Review component of DAMIR and retire the DAES Web application.
- Begin requirements specification and design for the SAR Web component of DAMIR.

### Component Integration

One of the critical success factors for Acquisition Visibility is for acquisition managers at all levels and across each of the Components to be able to share information in an enterprise environment that is relevant, consistent, and accessible in near real-time.

The DAMIR team worked closely with the Army on the DAMIR Earned Value Management (EVM) Pilot, a Proof-Of-Concept that net-centric principles could be implemented within the Department to pull tagged data from the Components. The DAMIR EVM Pilot demonstrated that the DAMIR solution is feasible, that the required capabilities are achievable, and that associated risks are manageable or mitigated. The DAMIR team and the Army Acquisition Community have expanded this concept to include all EVM data requirements.

In the future, Acquisition Visibility plans to:

- Initiate the next phase of Army’s participation in DAMIR by pursuing the expansion of the Army’s Acquisition Information Management (AIM) system and its DAMIR Support Services to include additional cost and funding information.
- Commence Web service development activities with the Navy and the Air Force.



### Common Supplier Engagement Objectives

The core set of objectives for this BEP include:

- Streamline and reduce complexities of the process touch points between DoD and suppliers
- Adopt standard business processes, rules, data, and interoperable systems across DoD
- Transform internal IT interfaces through application of standard data

## Common Supplier Engagement

Common Supplier Engagement (CSE) is the alignment and integration of the policies, processes, data, technology, and people to provide a consistent experience for suppliers and DoD stakeholders to ensure reliable and accurate delivery of acceptable goods and services to support the warfighter.

The primary goal of CSE is to simplify and standardize the methods that DoD uses to interact with commercial and government suppliers in the acquisition of catalog, stock, as well as made-to-order and engineer-to-order goods and services. CSE also provides the associated visibility of supplier-related information to the Warfighter and Business Mission Areas.

### Key Accomplishments since September 2005 ETP

- Deployed the first phase of automated contingency contracting tool (CC-SF44), which initially improved the ability for 50 deployed contracting officers to establish traceable orders.
- Deployed initial production version of Enterprise spend analysis capability to the joint user community, which enabled initial ability to view departmental purchases at the line item level across the board.
- Deployed web-enabled Taxpayer Identification Number (TIN) validations through the Federal Integrated Acquisition Environment (IAE) initiative's Central Contractor Registration (CCR), processing over 32,000 registrant TIN validations with 88% TIN match success rate since October 2005, stopping 12% with data errors from entering the system. These validations improve the capability to enforce tax collection from vendors.
- Improved past performance reporting capability with the merge of two vendor reporting systems (ACASS and CCASS) into the single federal enterprise system (PPIRS).
- Consolidated three server locations (Utah, South Carolina, and Virginia) for the Department's online catalog shopping tool to the Utah location and completed integration with Defense Logistics Agency's (DLA) Business Systems Modernization program, to streamline DLA users' experience shopping for consumable items, Commercial Off-The-Shelf (COTS) goods, and services.
- Deployed scheduled version release of Department's receipt and acceptance tool, Wide Area Workflow (WAWF), providing the capability to track government furnished property and enhancing unique identifier processing capabilities.

**Table 3-4: Major Milestones Planned in FY06/FY07**

(✓ = Milestone Achieved)

FY06 Milestones	FY07 Milestones
<ul style="list-style-type: none"> <li>✓ Deploy first phase of automated contingency contracting capability (CC-SF44)</li> <li>✓ Conduct opportunity analysis for Advance Requirements Management Pilot</li> <li>✓ Deploy initial production of Enterprise spend analysis capability (ASAS) (Q1)</li> <li>• Obtain Program Approval for Technology Development Phase of Defense Business Sourcing Environment (DBSE) (Milestone A) (Q3)</li> <li>• Deploy single solution for electronic document storage and viewing (EDA) (Q3)</li> </ul>	<ul style="list-style-type: none"> <li>• Deploy second phase of automated contingency contracting capability (Q1)</li> <li>• Deploy second production of Enterprise spend analysis capability (ASAS) (Q1)</li> <li>• Deploy standard method for reporting contract activity (FPDS-NG) (Q1)</li> <li>• Deploy authoritative source for commercial supplier subcontract reports (eSRS) (Q1)</li> <li>• Begin deployment of enhanced Enterprise solution for contract writing (SPS, v4.2.3) (Q1)</li> <li>• Deploy machine integration of authoritative source of common supplier data Enterprise-wide (CCR) (Q2)</li> </ul>



Note: The ARM pilot technology could not be proven to perform as needed; therefore, the ARM Pilot has been discontinued at this time and is being withdrawn from the ETP. e-STRATS is also being removed at this time until the concept is better defined. e-STRATS will be reintroduced once enterprise requirements for the future are defined and the concept is changed to incorporate them.

### Limitations and Gaps from September 2005 ETP

CSE has resolved the following gaps from the September 2005 ETP:

- Two out of 13 systems with To Be Determined (TBD) termination dates were terminated by October 2005 (ACASS and CCASS).
- Two out of 13 systems with TBD migration dates were migrated by October 2005 (ACASS and CCASS).

Some limitations and gaps from the September 2005 ETP still require resolution:

- Much of the Manage Request capability is currently supported by Component-level processes and systems. The need for an Enterprise-level solution is still being determined, but will be addressed as the requirements for Defense Business Sourcing Environment (DBSE) are developed.
- The Manage Payment capability is still pending solution decisions in concert with FV decisions related to Intragovernmental Transactions (IGT). The FV IGT team is currently evaluating potential pilot capabilities.
- Metrics for CC-SF44 will be determined subsequent to pilot testing (e.g., number of units deployed). Metrics for DBSE will be determined based upon preferred solution resulting from Concept Approval. Both of these initiatives will be covered within CSE's overall capability metrics going forward, although specific initiative key performance parameters are still being determined as discussed.
- Milestones for ASAS, CC-SF44, ORCA, PPIRS, and CPARS are dependent on reallocation of FY06 funds. These funding requirements have been identified and are being addressed as part of the BTA's FY06 spend plan.
- Thirteen out of 15 systems still have termination dates and migration dates that are TBD.

### Near-Term Activities

- Obtain Concept Approval for DBSE, which is the next generation sourcing solution, and begin technology development post-Milestone A decision.
- Complete the merge of Electronic Document Access (EDA) and Navy Air Force Interface (NAFI), resulting in a single system for electronic document storage that also serves as a feeder system of contract information to WAWF.
- Conduct field testing of contingency contracting capability (CC-SF44) Phase 1 and initiate development of Phase 2 to better integrate with financial systems.
- Deploy version 3.0.10 of WAWF, further enhancing government furnished property processes.
- Support design, development, testing, and deployment of required DoD functionality in the federal system for contract reporting (FPDS-NG) to Congress.
- Adjudicate the many outstanding requirements via the established governance structure for the upcoming versions of SPS and WAWF, as well as the developing requirements for strategic sourcing with EMALL.



## Component Integration

In order to integrate CSE efforts, the primary method for communicating with Components is the functional governance structure of Defense Procurement and Acquisition Policy (DPAP), to include the Component Senior Procurement Executives (SPEs) and Contracting and Procurement Integrated Project Team (CAPI). CAPI began in 2003 and functions as one of CSE's primary links to the Components. CAPI encompasses representatives of the Components' senior procurement executives who meet every other week to share information on key systems/initiatives affecting the Components, develop enterprise requirements, discuss and address issues, and make decisions on key systems/initiatives within the CSE portfolio (e.g., SPS, WAWF, etc.). CAPI-proposed items are then approved by DPAP and the SPEs as needed.

Additionally, the BTA will partner with the Office of the Assistant Deputy Under Secretary for Strategic Sourcing and Acquisition Processes and its associated boards to incorporate those additional enterprise requirements related to strategic sourcing and communicate efforts with those communities. The BTA will also begin to meet with DPAP on a monthly basis and the SPEs on a bi-monthly basis to discuss enterprise requirements, funding strategies, deployment efforts, etc., for CSE systems and initiatives.

Within this structure, each system's existing requirements board(s) has also been used to communicate with the Components and to integrate CSE efforts. The requirements boards meet at least semi-annually, with many meeting more frequently as needed. These meetings provide the forum to share information with Components regarding specific systems. Each Component sends a representative to relay requirements and take back information. The individual requirements boards report up to the CAPI for approval and adjudication of requirements. As CSE continues to develop, the requirements boards will continue to play a significant role in Component integration.

Representatives of CSE also have a role at the Federal level within the Federal IAE initiative. In addition to participating in the several requirements groups supporting the areas and systems within IAE (e.g., CCR, Federal Business Opportunities (FBO)), CSE representatives support the Department's requirements at the Acquisition Council for eGovernment (ACE), the governing body for IAE within the Chief Acquisition Officers Council (CAOC). The Federal level requirements and capabilities are communicated to the Components via the SPE and CAPI structures. Finally, for Federal required systems, specific joint DoD migration teams have been established for the Federal Procurement Data System - Next Generation (FPDS-NG) and the Electronic Subcontracting Reporting System (eSRS). These are focused teams of DoD subject matter experts from the Components to finalize the enterprise requirements and facilitate DoD deployment.



## Materiel Visibility

The Materiel Visibility (MV) Business Enterprise Priority is defined as the ability to locate and account for materiel assets throughout their lifecycle and provide transaction visibility across logistics systems in support of the joint warfighting mission.

Materiel Visibility will provide users with timely and accurate information on the location, status, accountability, and valuation of unit equipment, materiel and supplies, greatly improving overall supply chain performance. The MV BEP will improve the delivery of enhanced capability to the warfighter as measured in terms of responsiveness, reliability and flexibility.

### Key Accomplishments since September 2005 ETP

- Developed a preliminary end-to-end MV implementation strategy for the DoD logistic environment, which is inclusive of architecture content, business processes, data standards and associated rules.
- Completed initial military equipment valuations for 1,101 military equipment acquisition programs. These initial program valuations are the starting point for establishing a military equipment valuation baseline at the end of FY06 and supporting the achievement of a clean audit.
- Completed implementation plans for Item Unique Identification (IUID) enablement for all major Defense acquisition programs (ACAT-1D). This will provide visibility of specific parts and major end-items (items over \$5,000 or mission critical for a weapon system).
- Published Defense Federal Acquisition Regulation (DFAR) clause in September 2005 requiring Suppliers to apply passive Radio Frequency Identification (RFID) tags for Class I (where applicable), II, VI, and IX shipments to DLA's Defense Distribution Depots at Susquehanna, PA and San Joaquin, CA. This is the first step in generating tagged materiel to the Department and will enable automated processing at the Department's largest two distribution centers.
- Established a Joint Program Management Office (JPMO) structure under the Distribution Process Owner to converge DLA's Integrated Data Environment (IDE) program and USTRANSCOM's Global Transportation Network (GTN) program to an integrated program (IDE/GTN) under the oversight of the DLA Program Executive Office (PEO). This initiative will provide event driven end-to-end visibility of DoD's supply chain, logistics, and distribution information.

**Table 3-5: Major Milestones Planned in FY06/FY07**

(√ = Milestone Achieved)

FY06 Milestones	FY07 Milestones
<ul style="list-style-type: none"> <li>√ Complete initial military equipment valuations, which are the starting point for establishing valuation baseline</li> <li>• Publish DFAR clause for IUID of Government Furnished Property (Q3)</li> <li>• Present IUID standardization agreement to nation members of NATO Asset Tracking Working Group for ratification (Q3)</li> <li>• Publish DFAR clause requiring suppliers to apply passive RFID tags to Class I (where applicable), II, IIIP, IV, VI, VIII (where applicable), and IX shipments to distribution depots and aerial ports (Q3)</li> </ul>	<ul style="list-style-type: none"> <li>• Publish DFAR clause requiring suppliers to apply passive RFID tags to all shipments for all appropriate commodities (Q2)</li> <li>• Full Operational Capability for electronic management of Government Furnished Property (Q2)</li> <li>• Demonstrate an integrated IUID data environment for internal and external electronic property transfers (Q4)</li> <li>• All DoD serially managed assets registered in the IUID Registry (Q4)</li> </ul>

### Materiel Visibility Objectives

The core set of objectives for this BEP include:

- Uniquely identify tangible personal property items to improve the timely and seamless flow of materiel in support of deployed forces; improve asset visibility across the Department; and improve inventory management
- Improve process efficiency of shipping, receiving, and inventory management by enabling hands-off processing of materiel transactions
- Provide DoD with the capability to account for and report all materiel costs incurred to acquire and bring military equipment assets to a location suitable for its intended use
- Ensure materiel hazards and associated risks are readily visible to the warfighter
- Transform the Department's supply chain information environment by
  - 1) improving data integrity and visibility by defining, managing, and utilizing item, customer, and vendor master data; and
  - 2) reducing complexity and minimizing variability on the supply chain business transactions by adopting standardized transaction and business rules



FY06 Milestones	FY07 Milestones
<ul style="list-style-type: none"> <li>Update initial military equipment valuations to establish baseline balances for FY06 and prior expenditures (Q4)</li> </ul>	

### Limitations and Gaps from September 2005 ETP

The following limitation from the September 2005 ETP requires resolution:

- The MV initiative “MILS to EDI or XML” is currently unfunded. The investment requirement for this initiative needs to be evaluated and an agreed upon phased-in implementation strategy developed.

### Near-Term Activities

- Finalize the MV implementation strategy by FY06 Q3.
- Identify any major gaps in the BEA 3.1 and finalize approach for updates in the next BEA release.
- Review IUID implementation plans for programs other than major Defense acquisition programs (non-ACAT-1D).
- Component Automated Information Systems (AIS) plans, for implementing IUID to enhance acquisition and logistics processes, are under development and will be reviewed by their respective Milestone Decision Authorities (MDAs).
- Include rules in the amended DFAR clause for adding Class III(P), IV, and VIII (where applicable) shipments to remaining CONUS DLA distribution centers and three aerial ports, by FY06 Q3.
- Define implementation strategy for DLMS transaction (XML & EDI) within the Enterprise and Component MV environment.
- Finalize and implement the JPMO for the IDE/GTN program convergence under the DLA PEO, with USTRANSCOM Deputy J6 as Deputy PEO.

### Component Integration

Component integration on MV efforts includes adherence to standards and policies outlined in the BEA 3.0. These standards include implementation of IUID data structure in Component systems, following the Defense Logistics Management Standards (DLMS) for IDE/GTN interfaces, and compliance with passive and active RFID policies.

In the long-term, Materiel Visibility will be enabled through the Component’s Enterprise Resource Planning (ERP) systems. To this end, the MV BEP will be working with the BTA leadership and key Component stakeholders in finalizing an overarching ERP implementation strategy and delineating its impact on the overall DoD Supply Chain system strategy, where MV requirements play a major role.



## Real Property Accountability

Real Property Accountability (RPA) provides the Warfighter and Business Mission Areas access to near-real time secure, accurate and reliable information on environmental, workforce, hazardous material, and real property assets in which the Department of Defense has a legal interest. It is also concerned with information regarding environment, safety and occupational health sustainability throughout DoD.

RPA goals enable the warfighter and business missions continuous access to information for the Installations & Environment (I&E) communities. For example, assisting the Enterprise-wide I&E communities improve management of dispersed and disparate real property assets is one RPA goal. Other goals include facilitating management of lifecycle real property information by installation managers, while supporting enterprise requirements such as development of standardized financial reporting for DoD's environmental liabilities.

Achievement of these goals answers fundamental questions, such as:

- To which real property assets does DoD have legal interest, and what are their functions and capabilities?
- Where are the assets geographically located?
- Where are our environmental sites?
- How can DoD address the need to protect people, property and the environment while conducting warfighting and business mission activities?

### Key Accomplishments since September 2005 ETP

- Achieved Initial Operational Capability (IOC) for the site unique identifier (UID) registry, the first step in accurate, authoritative, comprehensive, and secure Enterprise-wide real property information.
- Assigned unique identifiers to DoD sites in accordance with BEA 3.0, the foundational step in linking real property, personnel and personal property (including weapons systems).
- Delivered an initial set of process and data requirements in the Phase I Hazardous Materials Process Controls and Information Management Requirements, an enabler of safer hazardous materials handling in Department operations.

**Table 3-6: Major Milestones Planned in FY06/FY07**

(✓ = milestone achieved)

FY06 Milestones	FY07 Milestones
<u>Real Property Inventory Requirements</u> ✓ Conduct a "deep dive" and provide a recommendation for the To Be systems approach for real property inventory systems ✓ Standardize processes and data for management of real property inventories ✓ Validate National Capital Region (NCR) pilot site data <u>Real Property Asset and Site Unique Identification</u> ✓ Achieve Initial Operational Capability for the site UID registry ✓ Implement Defense Installations Spatial Data Infrastructure portal	<u>Real Property Inventory Requirements</u> • Assist and support the Components in implementation of real property inventory requirements (Q4) <u>Real Property Asset and Site Unique Identification</u> • Achieve Initial Operational Capability for the asset UID registry (subject to funding availability) (Q1) • Begin integration of service real property inventory systems to UID registry (Q4) <u>Hazmat Process Controls and Information Management Requirements</u> • Release Phase II Requirements Document Draft (Q2) • Incorporate results of product hazard data into DoD data master (Q2)

### Real Property Accountability Objectives

The core set of objectives for this Business Enterprise Priority (BEP) include:

- Access to reliable and accurate real property accountability information for warfighter and business mission use
- Enhanced ability for DoD IT systems to link individual people, personal property, real property assets and environmental liabilities to geographic locations
- Decreased operational cost and cycle times
- Improved accuracy and auditability of financial statements
- Reduced or eliminated duplicative data capture and access activities
- Establishment of a single, authoritative source for 24x7, accurate and secure location information
- Timely access to reliable, accurate, and complete data including auditable environmental liability estimates as well as environment, safety and occupational health hazard control requirements



FY06 Milestones	FY07 Milestones
<ul style="list-style-type: none"> <li>• Commence development of real property asset UID registry (Q4)</li> </ul> <u>Real Property Acceptance Requirements</u> <ul style="list-style-type: none"> <li>• Release Requirements Document (Q2)</li> <li>• Release updated UFC document 1-300-08 (Q4)</li> </ul> <u>Environmental Liabilities Recognition, Valuation and Reporting Requirements</u> <ul style="list-style-type: none"> <li>• Complete "To-Be" data model for the recognition, valuation, and reporting of the remaining 40% of DoD's environmental liabilities (Q4)</li> <li>• Complete linkage of environmental requirements with the real property inventory (Q4)</li> </ul> <u>Hazmat Process Controls and Information Management Requirements (HMPC&amp;IMR)</u> <ul style="list-style-type: none"> <li>✓ Release HazMat Phase I Requirements Document</li> <li>• Complete BPR Phase II (Q3)</li> <li>• Draft configuration control process for hazmat management (Q4)</li> <li>• Commence implementation of Phase II products across CBMs (Q4)</li> </ul>	

### Limitations and Gaps from September 2005 ETP

The following limitations from the September 2005 ETP require resolution:

- Milestones for Hazardous Materials Process Controls and Information Management Requirements, Real Property Inventory Requirements, and Real Property Asset Unique Identification initiatives are dependent upon reallocation of existing FY06 funds.
- Assure recommendations are addressed in each Component-wide implementation plan.

### Near-Term Activities

- Add two RPA initiatives in the next release of the BEA and ETP:
  - Real Property Construction in Progress Requirements
  - Explosives Safety Management Requirements
- Determine which milestones for HMPC&IMR, Real Property Inventory Requirements (RPIR), and Real Property Asset and Site Unique Identification (RPUID) are achievable given currently available funds.
- Complete the application of UIDs to all sites; commence development of the asset registry.
- Complete "To-Be" data model for the recognition, valuation, and reporting of the remaining 40% of DoD's environmental liabilities.
- Complete Phase II of the HMPC&IMR.
- Refine Real Property Accountability metrics.



## **Component Integration**

The Components are addressing integration of RPA results in their business processes and support systems. In addition to efforts already underway, Installations & Environment Business Enterprise Integration staff is working closely with the Components to prepare detailed implementation plans in accordance with the BEA, revised policies, etc. The plans are scheduled for draft release on/about 31 March 2006. These plans will be integrated with the RP&ILM plan, for consolidation of all implementation activities in a single enterprise plan, in advance of the September 2006 Enterprise Transition Plan.



### Financial Visibility Objectives

The core set of objectives for this BEP include:

- Creating transparent financial data throughout the enterprise
- Establishing authoritative financial data sources
- Enhancing and expanding access to authoritative data sources for timely analysis (DoD Enterprise-level business intelligence)
- Enabling the linkage for resources to business outcomes
- Creating and implementing common financial language across the DoD
- Eliminating existing financial management weaknesses and deficiencies

## Financial Visibility

Financial Visibility (FV) means having timely access to accurate and reliable financial information (planning, programming, budgeting, accounting, and cost information) in support of financial accountability and efficient and effective decision making throughout the Department in support of the missions of the warfighter.

At the highest level, the goal for Financial Visibility is more efficient and effective decision making throughout the Department and assistance in satisfying the DoD-wide effort to achieve financial auditability.

### Key Accomplishments since September 2005 ETP

- Enabled six Defense Agencies to post to the corporate general ledger and produce financial reports through newly developed standard financial code crosswalks within Business Enterprise Information System (BEIS).
- Developed business intelligence capability supporting Enterprise-level reporting.
- Completed ahead of schedule Standard Fiscal Code compliant General Fund financial reporting capabilities for the Army and six Defense Agencies, which will enable over 78 million transactions per month to be posted to the corporate general ledger.
- Completed initial Standard Financial Information Structure (SFIS) library development to provide operational accounting systems direct access to standard data names, values and usages. SFIS is an Enterprise-wide data structure that supports the Department's budget, cost/performance management, and external reporting requirements and has been incorporated in the BEA. As a common business language, SFIS provides the means to establish tracking and audit traceability of transaction level financial information, enabling financial statement auditability consistent with the Federal Financial Management Improvement Act.
- Integrated Intragovernmental Transactions (IGT) reimbursable process model into the BEA 3.1.
- Extended a common DoD financial language by incorporating SFIS into "blueprints" for all emerging financial management systems and into certification requirements for 29 existing systems.

**Table 3-7: Major Milestones Planned in FY06/FY07**

(√ = Milestone Achieved)

FY06 Milestones	FY07 Milestones
<ul style="list-style-type: none"> <li>√ Incorporate additional financial management data standard elements into corporate reporting structure</li> <li>√ Define Intragovernmental Transactions reimbursables process</li> <li>• Begin integrating planning and programming with budgeting on an initial limited scale (Q4)</li> <li>• Begin Enterprise-wide standard reporting for financial asset and liability types (Q4)</li> <li>• Establish operational cost accounting activities through standardized SFIS compliant data requirements (Q4)</li> </ul>	<ul style="list-style-type: none"> <li>• Expand the set of PPBE standards-based coding requirements (Q2)</li> <li>• Determine preferred alternative solution for Intragovernmental Transactions for reimbursables process (Q2)</li> <li>• Provide Enterprise-wide standard reporting for financial asset and liability types (Q2)</li> <li>• Identify DoD Enterprise-level entitlement systems (Q2)</li> <li>• Begin summary-level financial information posting to the corporate general ledger (Q2)</li> <li>• Propagate managerial accounting data elements within enterprise financial systems (Q2)</li> <li>• Enhance operational cost accounting activities based on the propagation of standardized, SFIS compliant data requirements (Q2)</li> </ul>



FY06 Milestones	FY07 Milestones
<ul style="list-style-type: none"> <li>• Increase the number of DoD entities for which transaction-level financial information is provided to corporate general ledger (Q4)</li> <li>• Expand external reporting and DoD Enterprise-level business intelligence via single, standardized authoritative data source using BEIS and SFIS capabilities (Q4)</li> </ul>	<ul style="list-style-type: none"> <li>• Implement SFIS Phase II elements (Q2)</li> </ul>

Note: The FY06 milestones *Provide improved capability to reconcile funds balance with Treasury*, *Enable Enterprise-wide cash accountability from a single source*, and *Begin to propagate managerial accounting data elements within enterprise financial systems* were moved to FY07. The FY07 milestone for completing SFIS phase III definitions has been removed, pending further concept refinement.

### Limitations and Gaps from September 2005 ETP

The following limitations have been resolved:

- Milestones for the PB Framework initiative have been adjusted because the initial FY06 funding request was insufficient to achieve the milestones.
- Added specific dates for five of six systems that had termination dates listed as TBD in the System Migration Summary spreadsheet - DCD/DCW (migration to BEIS) and CRS, FRS, NPPI, and WYPC (migration to DCAS).

Some limitations and gaps must still be addressed. FV plans to:

- Complete an analysis of alternatives and propose a recommended system solution for the IGT initiative in Q4 of FY2006
- Identify the system migration strategy for DDRS
- Develop metrics for IGT in Q4 of FY06

### Near-Term Activities

- Extend FV Business Capabilities through the development of 3 new enabling initiatives in the next release of the BEA and in the September 2006 ETP - Defense Agency Initiative (DAI), Funds Distribution (FD), and Strategic Resource Development System (SRDS).
- Expand external reporting and access to authoritative data sources through the further implementation of BEIS infrastructure (SFIS library services, Asset Unique Identification (AUID) registry, corporate financial reporting capability, and corporate general ledger capability).
- Include managerial accounting data elements from SFIS Phase II within the next release of the BEA and begin incorporating them within enterprise financial system architectures.
- Enable Navy and Marine Corp accounting systems to post to the corporate general ledger and produce financial reports through standard financial code crosswalks within BEIS.



## Component Integration

Increased emphasis to integrate FV efforts and Component activities has resulted in better alignment of the Financial Visibility BEP to warfighter requirements. FV/Component integration efforts include:

- Working with the Services on the development of go-forward SFIS compliance plans that support requirements for budgeting, financial accounting, cost/performance, and external reporting across the DoD Enterprise
- Engaging Defense Agency representatives on the development of an implementation strategy for JFMIP-certified financial management systems

Future plans are to increase collaboration with the Services to develop stronger linkage between budget formulation and budget execution processes, and to engage Components on the development of implementation strategies for SFIS Phase II.









## IV: Component Transformation

This section provides an update to Component Transformation Plans included in the September 2005 ETP:

- Department of the Army
- Department of the Navy
- Department of the Air Force
- Defense Logistics Agency
- United States Transportation Command
- Defense Finance and Accounting Service

Component transformation efforts cover the systems and initiatives identified in Figure 4-1.

**Figure 4-1: Systems and Initiatives that Support Component Priorities**

					
<b>ACBIS</b> <b>AIM</b> <b>DLS</b> <b>eMILPO</b> <b>FBS</b> <b>FCS-ACE</b> <b>GCSS-Army</b> <b>GFEBs</b> <b>LMP</b> <b>MIRS</b> <b>PPBE BI/DW</b> <b>PPBE BOS</b> <b>STEM</b> <b>TC-AIMS II</b> <b>VIS</b> <b>VISION</b>	<i><b>AIT</b></i> <i><b>EA-21</b></i> <b>GCSS-MC</b> <i><b>MC FII</b></i> <b>Navy Cash</b> <b>Navy ERP</b> <i><b>NMCI</b></i> <b>NTCSS</b> <b>TFAS</b>	<b>ACES</b> <b>AETC ADLS</b> <i><b>AFIR&amp;I</b></i> <b>AFRISS</b> <b>DEAMS-AF</b> <b>EBS</b> <b>ECSS</b> <b>EESOH-MIS</b> <i><b>ELR</b></i> <b>ETIMS</b> <b>FIRST</b> <i><b>FM-SDM</b></i> <b>MPES</b> <b>NAF-T</b> <i><b>OSMP</b></i> <i><b>Pers Trans</b></i> <b>PM&amp;O (CCaR &amp; SMART)</b> <i><b>Sourcing</b></i> <i><b>T&amp;E (CSE)</b></i>	<b>BSM</b> <b>BSM-Energy</b> <b>CFMS</b> <b>CRM</b> <b>DPMS</b> <i><b>IDE</b></i> <i><b>P3I</b></i> <b>PDMI</b> <b>RMP</b>	<b>DEAMS</b>	<i><b>DDHPO (ADS)</b></i> <i><b>EC/EDI</b></i>
<div> <div>■ <b>System</b></div> <div>■ <b>Initiative</b></div> </div>					

Note:

- Some initiatives listed above include systems that have a different name than the initiative itself. (Systems are shown in parentheses.)

The status of business transformation in each Component provides updates on each of the following areas:

- Key Accomplishments since September 2005 ETP
- Major Milestones Planned in FY06 and FY07
- Limitations and Gaps from September 2005 ETP
- Near-Term Activities



## Department of the Army

The Army's business transformation goals are derived from the four key elements of the Army Transformation Strategy:

- Relevant and Ready Landpower to Support the Combatant Commander
- Training and Equipping Soldiers to Serve as Warriors Led by Adaptive Leaders
- Attaining a Quality of Life and Well-being for Soldiers and their Families that Matches the Quality of their Service
- Providing an Infrastructure and Support to Enable the Force to fulfill its Strategic Roles and Missions

### Key Accomplishments since September 2005 ETP

- Implemented IT investment governance and guidance to initiate portfolio management at the Mission Area/Domain level and provided a portfolio management tool, which is called the Army Portfolio Management Solution (APMS).
- Instituted a portfolio review process that ensures all Army IT investments found within the Mission Area/Domain governance structure are reviewed for: duplicate and/or stovepiped capabilities, architecture compliance, interoperability and integration. The initial round of IT investment reviews were successfully conducted by the Army Portfolio Review Committee (senior Army leadership) resulting in recommendations that will strengthen the process, and ensure it meets the Army goals with respect to managing IT investments.
- Fielded Distributed Learning System (DLS) Increment 3 to streamline training processes, automate training management functions, and deliver training using electronic means. Added 29 Foreign Language courses to the DLS curriculum, including languages needed for the Global War on Terror.
- Extended the current contract for Army e-Learning, which provides access to over 2,600 commercial information technology and business training courses for Soldiers and Department of Army civilians, with over 220,000 current registered users.
- Completed both the Combat Development preparation (functional area, gap and solutions analyses) and Initial Capabilities Document (ICD) development for the Future Business System (FBS) Concept Decision and the initial analysis of existing system redundancies. This is in the early stages of requirements development. System development will proceed with the creation and approval of the appropriate requirements documents (ICD and Capability Development Document (CDD)).
- Completed validation and system acceptance testing for Virtual InSight (VIS) Phase I. Received approval by VIS Milestone Decision Authority to expand the capability across the Army Acquisition Community. The Milestone Decision Authority gave approval to expand the user base to 80,000 concurrent users.
- Established baseline of Installations and Environment (I&E) systems, identified opportunities to integrate legacy real property inventory system, and established enterprise Geospatial Information System (GIS) system and data store.



**Table 4-1: Major Milestones Planned in FY06/FY07**

(✓ = Milestone Achieved)

Army Priority	FY06 Milestones	FY07 Milestones
<b>Improve Processes: Manning, Readiness, and Well-being of the Force</b>	<b>Distributed Learning System (DLS)</b> <ul style="list-style-type: none"> <li>Increment 4: Contract award (Q3)</li> </ul> <b>Electronic Military Personnel Office (eMILPO)</b> <ul style="list-style-type: none"> <li>Field acceptance testing for Service Members Group Life (SGLI) (Q4)</li> <li>Field acceptance testing for Publications and Vital Records (PAVR) phase 1 (Q4)</li> </ul>	<b>eMILPO</b> <ul style="list-style-type: none"> <li>Complete eMILPO releases 4.1 through 5.0 through December 2006 (Q1)</li> </ul> <b>MEPCOM Integrated Resource System (MIRS)</b> <ul style="list-style-type: none"> <li>Improve accession processing system modification with MIRS to automate the entire business process (Q1)</li> </ul>
<b>Improve Business Practices/Processes: Paying the Force and Financial Accountability</b>	<b>Program, Planning, Budgeting, and Execution – Business Intelligence/ Data Warehouse (PPBE BI/DW)</b> <ul style="list-style-type: none"> <li>✓ Complete Analysis of Alternatives</li> <li>Milestone A (Q3)</li> <li>Milestone B (Q4)</li> <li>IOC (Q4)</li> </ul> <b>PPBE Business Operating System (PPBE BOS)</b> <ul style="list-style-type: none"> <li>Statement of Work (SOW) (Q2)</li> </ul>	<b>PPBE BI/DW</b> <ul style="list-style-type: none"> <li>Milestone C (Q1)</li> </ul> <b>General Fund Enterprise Business System (GFEBs)</b> <ul style="list-style-type: none"> <li>Milestone B (Q2)</li> </ul> <b>PPBE BOS</b> <ul style="list-style-type: none"> <li>Milestone C (Q1)</li> <li>Milestone B2 (Q3)</li> <li>Milestone C2 A (Q4)</li> </ul>
<b>Improve Processes to Equip the Force</b>	<ul style="list-style-type: none"> <li>Conduct FBS Concept Decision (Q3)</li> <li>Establish FBS Program Management Office (Q3)</li> <li>Complete Army Acquisition Business Enterprise Architecture (AABEA) Version 3 (Q3)</li> <li>Identify Future Combat System Advanced Collaborative Environment (FCS-ACE) technology transfer options to FBS (Q4)</li> <li>Populate core &amp; interim systems requirements in VIS document repository (Q4)</li> <li>Initiate transition of Acquisition Information Management (AIM) services to COTS and Net-Centric Enterprise Services (NCES) (Q4)</li> <li>Scale VIS infrastructure to support 80,000 concurrent users (Q4)</li> </ul>	<ul style="list-style-type: none"> <li>Complete Acquisition Information Management (AIM) Web services for OSD Defense Acquisition Management Information Retrieval (DAMIR) initiative (Q3)</li> <li>Complete FBS AoA (Q3)</li> <li>Conduct FBS Milestone Review (Q3)</li> <li>Complete transition of AIM services to COTS and Net-Centric Enterprise Services (NCES) (Q4)</li> <li>Develop and field Future Combat System Advanced Collaborative Environment (FCS-ACE) block Point 26-28 (enhance performance by migrating to latest version of COTS product) (Q4)</li> </ul>



Army Priority	FY06 Milestones	FY07 Milestones
<b>Sustain the Force: Enhance Joint Logistics/ Focused Logistics</b>	<b>Logistics Modernization Program (LMP)</b> <ul style="list-style-type: none"> <li>Certification of CFO/FFMIA Compliance (Q4)</li> </ul> <b>Global Combat Support System - Army (GCSS-Army)</b> <ul style="list-style-type: none"> <li>Milestone B – Increment 1- Implement ORD Block 1 functionality and interface hub to external systems (Q3)</li> </ul> <b>Transportation Coordinators' Automated Information for Movements System II (TC-AIMS II)</b> <ul style="list-style-type: none"> <li>Increment : Block 3 IOC (Q4)</li> </ul>	<b>LMP</b> <ul style="list-style-type: none"> <li>Go live for 2nd deployment (Q3)</li> </ul> <b>GCSS-Army</b> <ul style="list-style-type: none"> <li>Milestone C/IOC Increment 1- Implement ORD Block 1 functionality and interface hub to external systems (Q4)</li> </ul> <b>TC-AIMS II</b> <ul style="list-style-type: none"> <li>Migrate legacy system TIS-TO (Q1)</li> </ul>
<b>Improve Capability for Stability Operations</b>	<ul style="list-style-type: none"> <li>Achieve Initial Operational Capability (IOC) to accept site and asset User Identification (UID) (Q3)</li> <li>Technical refresh of Integrated Facilities System (IFS) (Q4)</li> <li>Integrate real property inventory requirements into Geospatial Information System (GIS) (Q4)</li> <li>GIS integration into DoD portal (Q4)</li> <li>Integrate Headquarters Executive Information System (HQEIS) with Geospatial Information System Repository (GIS-R) (Q4)</li> </ul>	<ul style="list-style-type: none"> <li>Installation &amp; Environment (I &amp;E) Real Property Management (RPM) systems fully capable of accepting Real Property User Identification (RPUID) (Q4)</li> <li>Standup consolidated data repository to achieve authoritative and standardized business processes and data standards (Q4)</li> </ul>

### Limitations and Gaps from September 2005 ETP

The following limitations and gaps from the September 2005 ETP have been resolved:

- Milestones are now identified for Electronic Military Personnel Office (eMILPO).
- Milestones were identified for the achievement of Army Priorities, as shown in the table of Army Priorities with Targeted Outcomes, Milestones, and Metrics (in Appendix F).
- Termination dates determined for all systems listed in the September 2005 ETP.

### Near-Term Activities

- Continue preparation of test and deployment plans for DIMHRS and refine cost and schedule for deployment of DIMHRS to the Army.
- Begin portfolio reviews for all Mission Areas/Domains.
- Field the Army Learning Management System.
- Implement remote capability for Continuity of Operations (COOP) for DLS.
- Complete the GFEBS Technology Demonstration.
- Deliver Army Acquisition Business Enterprise Architecture (AABEA) Version 3.
- Achieve LMP compliance with the Federal Financial Management Improvement Act (FFMIA) of 1996 from the U.S. Army Audit Agency.
- Complete Phase I - Initial Operational Capability (IOC) of Report In-Process Review (RIPR) in all Installation & Environment (I & E) real property systems.
- Develop hub to support web interface of geospatial data with Defense Installations Spatial Data Infrastructure. This facilitates system-to-system communication to exchange data. The hub hosts the network, while other systems act as spokes to interact with the hub.
- Evaluate GFEBS pilot results to identify Real Property Inventory (RPI) and Real Property Management (RPM) requirements gaps.



## Department of the Navy

The Department of the Navy's (DON's) business transformation vision is to significantly increase the readiness, effectiveness, and availability of warfighting forces by employing business process change to create more effective operations at reduced costs and by exploiting process improvements, technology enhancements, and an effective human capital strategy to assure continued mission superiority. DON's plan to achieve this vision includes the following priorities:

- Develop and maintain a secure, seamless, interoperable Information Management/Information Technology (IM/IT) infrastructure as the transport layer for transformed business processes
- Create optimized processes and integrated systems
- Optimize investments for mission accomplishment
- Transform applications and data into web-based capabilities to improve effectiveness and gain efficiencies
- Align Business Mission Area governance to produce a single, integrated enterprise

### Key Accomplishments since September 2005 ETP

- Integrated SMART pilot into consolidated Navy Enterprise Resource Planning (ERP), completing the first step in DON's consolidation of four ERP pilot projects under one single Navy ERP; when complete, Navy ERP will provide reduced supply/maintenance cycle times, increased financial accuracy, elimination of redundant applications and databases, enhanced configuration management, reduced IT systems costs, and inventory reduction.
- Successfully completed JFMIP testing (the test applied to commercial financial software) of SABRS, the Marine Corps' accounting and budgeting system for the US Marine Corps Financial Improvement Initiative (MC FII).
- Implemented an IT investment pre-certification and review process for all levels of investment.
- Drafted DON Business Transformation Council Charter. The Business Transformation Council will serve as the Department of the Navy's top IT investment decision-making body.
- Implemented Navy Cyber Condition ZEBRA to target and eliminate legacy networks, servers and applications. Cyber Condition ZEBRA will improve network security by moving more IT users onto the Navy-Marine Corps Intranet and advance the goal of creating a seamless infrastructure.
- Improved network security procedures; implemented cryptographic login as part of NMCI.
- Published Information Management/Information Technology Strategic Plan for FY 2006 - 2007 to outline the DON's mission, vision and governing principles for information management and IT, chart the course for specific goals and strategies, and provide alignment guidance for Navy and Marine Corps organizations.

**Table 4-2: Major Milestones Planned in FY06/FY07**

(✓ = Milestone Achieved)

Navy Priority	FY06 Milestones	FY07 Milestones
<b>Creating a Seamless Infrastructure</b>	<ul style="list-style-type: none"> <li>• Achieve NMCI FOC (Q3)</li> </ul>	
<b>Creating Optimized Processes and Integrated Systems</b>	<ul style="list-style-type: none"> <li>• Retire NEMAIS as part of Navy ERP (Q4)</li> </ul>	<ul style="list-style-type: none"> <li>• Achieve IOC for Navy ERP (Q1)</li> <li>• Retire SIGMA as part of Navy ERP (Q4)</li> <li>• Retire Cabrillo as part of Navy ERP (Q4)</li> </ul>



Navy Priority	FY06 Milestones	FY07 Milestones
<b>Resource Optimization</b>	<ul style="list-style-type: none"> <li>Achieve IOC for MC FII (Q4)</li> </ul>	
<b>Implementing Web-Based Capabilities</b>	<ul style="list-style-type: none"> <li>Identify services provided by DON Web capabilities to ensure visibility, availability &amp; reusability (Q4)</li> </ul>	
<b>Aligning for Enterprise Transformation</b>	<ul style="list-style-type: none"> <li>✓ Stand up the Office of Assistant Chief of Naval Operations for IT</li> <li>✓ Publish IM/IT Strategic Plan for FY2006-2007</li> <li>Stand up the Business Transformation Council (Q4)</li> <li>Publish DON IT Policy Guidance for FY07 Expenditures (Q4)</li> <li>Complete draft revised DON portfolio management policy (Q4)</li> </ul>	

Note: The Navy ERP program is re-baselining to mitigate System Requirements Review (SRR)/System Functional Review (SFR) findings. All migrations are currently TBD, and will be updated in the September 2006 ETP.

### Limitations and Gaps from September 2005 ETP

The following limitations and gaps from the September 2005 ETP require resolution:

- 284 systems had termination dates that were listed as TBD (278 of them related to Navy ERP) in the System Migration Summary spreadsheet. Plans are to re-baseline the Navy ERP program to address SRR/SFR findings and to revise migration/ termination dates as appropriate in September 2006 ETP.

### Near-Term Activities

- Continue NMCI rollout and complete delivery of ordered seats by the end of CY06.
- Implement Cyber Condition ZEBRA Phase 7 (National Capital Region) (07/06), as part of the NMCI initiative, which will help to achieve priorities to optimize resources and create a seamless infrastructure.
- Refine Navy Logistics functional area portfolio, with the goal of reducing logistics applications, networks and servers 25% by the end of FY06.
- Continue IT infrastructure and legacy application consolidation, to meet target of 20% reduction of Navy applications, networks and servers by the end of FY06.
- Complete draft revised DON portfolio management policy (09/06).
- Complete DON Defense Integrated Military Human Resources System (DIMHRS) capability assessment and report findings to the DBSMC (06/06).
- Terminated GCSS-MC Systems Integration contract for cause 18 January 2006. Program moving ahead with work toward achieving Preliminary Design, while preparing to re-compete contract for remaining SI work. Expect approval of re-baselined approach 2Q FY06. Anticipate FOC will remain FY08.



## Department of the Air Force

The Air Force's (AF's) shared operational support enterprise transformation goals are:

- First, improve warfighter effectiveness by fashioning fast, flexible, agile, horizontally integrated Operational Support (OS) processes that enable fast, flexible, agile and lethal combat forces.
- Second, establish a culture of continuous improvement to achieve increased efficiencies that will allow OS to return resources toward the recapitalization of the AF weapons systems and infrastructure, return Airmen to core missions, and create an acquisition process unparalleled in the federal government.

The corresponding strategy is to:

- Focus OS on improving joint warfighter effectiveness and integrate high value operational threads across domains and across combat and non-combat functions.
- Set common goals and priorities across the OS AF enterprise.
- Identify and prioritize processes for improvement, and redesign them wherever they fall short of the immediate or long-term expectations.
- Move systems into a modern information framework. Leverage existing initiatives of the AF and OSD, synchronize and accelerate them to achieve transformation.
- Harvest resources to complete OS transformation and support modernization of AF and joint capabilities.

### Key Accomplishments since September 2005 ETP

- The Secretary of the Air Force committed the department to continuous process improvement and initiated the AF Smart Operations for the 21st Century (AFSO21) program to apply process improvement disciplines across Warfighting and Operations Support. Business modernization efforts will take full advantage of this program to improve end-to-end AF processes.
- Deployed the Manpower Programming and Execution System (MPES), web-enabling the entire manpower resource programming and execution process and providing savings in excess of \$20 million over the FYDP.
- Implemented major organizational and process change in the area of non-appropriated funds business management. Results include reduced banking costs and significantly improved rates of collection, returning over \$1 million annually. Nearly half was returned to the bases for re-investment in community programs.
- Implemented the DoD-wide Defense Travel System (DTS) at 52 out of 81 AF installations, with the remaining 29 installations planned for implementation in FY06.
- Realigned the Accounting Liaison Offices and Financial Management Analysis—a first step in financial services delivery transformation that will ultimately return 1,500 Airmen to core missions.
- Deployed Financial Information Resource System (FIRST) Budget Formulation (BF) Spiral 1—Program Analysis capability—and started development of Spiral 2 – Cost Modeling and Force Structure Interfaces. This eliminates the need for external analysis tools, resulting in more timely and accurate decision support information for more effective resource allocation.
- Deployed Initial Operational Capability of the Enterprise Environmental Safety and Occupational Health Management Information System (EESOH-MIS) for hazardous materials control, starting to reduce our HazMats exposures.
- Incorporated AF Information Reliability and Integration Action (AFIR&I) milestones into the DoD Financial Improvement and Audit Readiness (FIAR) Plan and submitted the General Fund – Fund Balance with Treasury assertion package and obtained approval to



move forward to DoD Inspector General (IG) assessment and audit. This work contributes to financial transparency and clean audit.

- Awarded contracts for a software solution for Defense Enterprise Accounting Management System (DEAMS) and corresponding program management support. Conducted Standard Financial Information Structure (SFIS) conference. When complete, DEAMS will be a cross-service application that reflects best practices in financial management applied consistently across Air Force and USTRANSCOM, with potential for expansion throughout the DoD.
- Awarded the Defense Enterprise Accounting Management System (DEAMS) System Integrator contract to implement selected COTS solution.
- Used Operational Support Enterprise Architecture (OSEA) to validate AF technology investments against the Enterprise Transition Plan in compliance with Congressionally-mandated certification.

**Table 4-3: Major Milestones Planned in FY06/FY07**

(√ = Milestone Achieved)

Air Force Priorities	FY06 Milestones	FY07 Milestones
<b>1. Global synchronization of supply chain (people, materiel, installations) &amp; integration with the Operations community</b>  <b>2. Better Merge Mission Profiles, Supplies, Equipment, and People</b>  <b>3. Focus on real-time command &amp; control, decision support &amp; predictive analysis</b>  <b>4. Leverage spend activities &amp; more effectively use industrial partners</b>  <b>5. Focus on delivery of Commanders' resource management capabilities vs. low value-added transactional activity</b>  <b>6. Reengineer, share service organizations, standardize processes, regionalize support &amp; deliver services globally</b>  <b>7. Treat people as the most important resource</b>  <b>8. Change culture to optimize performance of</b>	<b>Advanced Distributed Learning System (ADLS)</b> <ul style="list-style-type: none"> <li>• Reach 500,000 users and 150 courses (Q4)</li> </ul>	
	<b>Air Force Information Reliability &amp; Integration Action Plan (AFIR&amp;I)</b> <ul style="list-style-type: none"> <li>• General Fund Cash &amp; Monetary Assets assertion package (Q2)</li> <li>• Fixed Asset Accounting capability and AFAA review of capital lease reporting (Q3)</li> </ul>	<b>AFIRI</b> <ul style="list-style-type: none"> <li>• Military Equipment (ME) modified assertion package (Q1)</li> <li>• Audit ME baseline (Q4)</li> </ul>
	<b>Air Force Recruiter Information Support System (AFRISS)</b> <ul style="list-style-type: none"> <li>• Automate GoANG.com/Live Chat (Q3)</li> </ul>	<b>AFRISS</b> <ul style="list-style-type: none"> <li>• Automate leads processing, implement Cost Based Analyzer (Q1)</li> </ul>
	<b>Defense Enterprise Accounting Management System (DEAMS)</b> <ul style="list-style-type: none"> <li>√ Award integrator contract</li> <li>• Complete Blueprinting (Q3)</li> </ul>	<b>DEAMS</b> <ul style="list-style-type: none"> <li>• Partial migration of ASIFICS (Q1)</li> <li>• Milestone A (Q2)</li> </ul>
	<b>Enterprise Environmental Safety &amp; Occupational Health Management Information System (EESOH-MIS)</b> <ul style="list-style-type: none"> <li>√ V1.1 Hazmat FOC</li> <li>• V1.2 Clean Up FOC (Q2)</li> <li>• V1.3 Hazardous Waste FOC (Q4)</li> </ul>	<b>EESOH-MIS</b> <ul style="list-style-type: none"> <li>• V1.4 Air Quality, APIMS repl. FOC (Q2)</li> </ul>
	<b>Expeditionary Combat Support System (ECSS)</b> <ul style="list-style-type: none"> <li>√ Milestone A</li> </ul>	



Air Force Priorities	FY06 Milestones	FY07 Milestones
<p><b>enterprise (Align goals &amp; metrics to focus on enterprise performance, continuous improvement.)</b></p> <p><b>9. Instill more discipline &amp; credibility in development &amp; delivery of capabilities</b></p>	<p><b>Enterprise Lean Reengineering (ELR)</b></p> <ul style="list-style-type: none"> <li>✓ Complete Operational Support (OS) Value Stream Analysis</li> <li>• Deployment Readiness IOC (Q3)</li> <li>• Full Spectrum Threat Response IOC (Q4)</li> </ul>	<p><b>ELR</b></p> <ul style="list-style-type: none"> <li>• Deployment Readiness FOC (Q3)</li> </ul>
	<p><b>Financial Information Resource System (FIRST)</b></p> <ul style="list-style-type: none"> <li>• Cost Modeling/Force structure interface (Q4)</li> </ul>	<p><b>FIRST</b></p> <ul style="list-style-type: none"> <li>• Milestone C (Q3)</li> <li>• IOC (Q4)</li> </ul>
	<p><b>Financial Management Service Delivery Model (FM SDM)</b></p> <ul style="list-style-type: none"> <li>✓ Center of expertise IOC</li> <li>✓ Financial Advisor Transformation (FAT) Realign ALO/FMA</li> </ul>	
	<p><b>Nonappropriated Fund (NAF) Financial Transformation (NAF-T)</b></p> <ul style="list-style-type: none"> <li>• Interface with Internet Based Purchasing System (IBPS) (Q2)</li> <li>• IOC (Q3)</li> </ul>	<p><b>NAF-T</b></p> <ul style="list-style-type: none"> <li>• Enterprise Portfolio Management (Q2)</li> </ul>
	<p><b>Operational Support Modernization Program (OSMP)</b></p> <ul style="list-style-type: none"> <li>• Enterprise Metrics Definition and CONOPS Integration (Q2)</li> </ul>	
	<p><b>Personnel Transformation (PERS-TRANS)</b></p> <ul style="list-style-type: none"> <li>• Personnel Services Delivery (PSD) Active Duty Military (ADM) Capability Spiral 1 (Q2)</li> <li>• Results of AF DIMHRS Go Forward Assessment (Q2)</li> <li>• ADM Force Development Tool (Q4)</li> </ul>	
	<p><b>Program Management and Oversight (PM&amp;O)</b></p> <ul style="list-style-type: none"> <li>✓ Information &amp; Resource Support System (IRSS) on NIPRNet</li> <li>• IRSS AFROCC, JROC integration (Q2)</li> </ul>	
		<p><b>Sourcing</b></p> <ul style="list-style-type: none"> <li>• CARS (J001) replaced by Federal Procurement Data System - Next Generation (FPDS-NG) (Q1)</li> </ul>



## Notes:

- Source selection for ECSS is delayed due to a protest in the award; subsequent ECSS milestones starting with Milestone B, originally scheduled for 12/2007, are expected to slip 9-10 months.
- ETIMS is in program review to determine the right technical solution. As a result, ETIMS milestones have slipped pending the results of the review.

**Limitations and Gaps from September 2005 ETP**

The following limitations and gaps from the September 2005 ETP have been resolved:

- ADLS program milestones that were not included in September are now included in the March update to the ETP.
- FM SDM program budget information that was not available in September is now included in the ETP.

**Near-Term Activities**

- The Operational Support Modernization Program (OSMP) will
  - Continue the prioritization of modernization needs, leveraging the newly established AF Smart Operations for the 21st Century (AFSO21) initiative to connect with Warfighting improvement initiatives.
  - Complete the development of enterprise metrics for the evaluation of the performance of transformation programs.
  - Establish more detailed architectural relationships between the AF Concepts of Operations (CONOPS) and programs, systems and infrastructure needs;
  - Create an enterprise data management strategy and execution plan.
- Complete the analysis of the fit and gaps of DIMHRS for AF use; results of AF DIMHRS Go Forward Assessment to be briefed to DBSMC 03/06. Results will reflect cost, scope and schedule for the optimal implementation of DIMHRS for the AF and allow future planning.
- Perform final validation of the NAF Financial Transformation (NAF-T) COTS solution at three AF bases by 04/06 and deploy (IOC) 05/06; Implement portfolio management by 03/07; define funding of the next stages of NAF-T.
- Complete the Budget Formulation (BF) Spiral 2 Cost Modeling and Force Structure interfaces in the Financial Information Resource System (FIRST) program; initiate BF Spiral 3 and BF Spiral 4.
- Perform a program review of Enhanced Technical Information Management System (ETIMS) to determine best technical way ahead by 2Q06.
- Deliver HazMat enhancements and Clean-Up functionalities to Enterprise Environmental Safety and Health Management Information System in 2Q06.
- Resolve Expeditionary Combat Support System (ECSS) source selection protest and start System Integrator source selection in 2Q06.
- Create a functional and data integration model for the seamless operation of multiple Enterprise Resource Planning (ERP) systems, i.e., ECSS, DIMHRS, and Defense Enterprise Accounting Management System (DEAMS).
- The Air Force will continue to work on addressing General Accountability Office (GAO) concerns related to systems classification and budgetary data, selection of appropriate performance metrics and completion of the detailed migration plan of legacy systems.



## Defense Logistics Agency

Defense Logistics Agency's (DLA) business transformation goals are to replace its legacy business and systems environment with a new business model and organizational structure, supported by COTS-based Information Technology (IT). These transformational goals will enable DLA to become a robust customer-focused agency, a manager and integrator of the supply chains essential to the military readiness with commercial supplier partnering capabilities; and a single, fully integrated enterprise.

DLA's priorities in meeting its transformational goals focus on its customers, internal processes, workforce, and resources.

### Key Accomplishments since September 2005 ETP

- Implemented Business Systems Modernization (BSM) Release 2.2 (December 2005) that completes the BSM-approved blueprint and provides the functionality required to attain Full Operational Capability (FOC) by FY07. BSM is expected to have scaled from 3,800 to 6,500 users by FOC. Benefits of BSM include improvements in forecast accuracy and the corollary reductions in administrative lead-time, which will allow DLA to achieve inventory safety level reductions by FY10. Additionally, more efficient system and process performance through automation of manual tasks and a transition from batch to real-time processing will allow for operation and support savings.
- Tested and accepted (September 2005) the BSM eProcurement final software delivered by SAP. Collaborating with SAP early in the development process will reduce the sustainment costs because DLA requirements have been incorporated into the final product. This will also reduce ongoing sustainment costs, as custom code will not be required.
- Deployed the Initial Operational Capability (IOC) of the Integrated Data Environment (IDE). IDE provided the data brokering capability that established interfaces to Service and Agency owned supply, transportation and logistics master data to support the materiel visibility needs of the Combatant Commanders.
- A Full Rate Production Decision in December 2005 approved the implementation of the Asset Visibility application in IDE on January 9, 2006; replacing the legacy JTAV system. The JTAV shutdown was completed January 17, 2006. Asset Visibility provides the Combatant Commanders (COCOMs) and warfighters with information regarding assets in-storage, in-transit, and in-process. The information available to the COCOMs enables improved management of the supply chain, including reduction of the duplicative requests for materiel.
- Entered into a preliminary agreement with USTRANSCOM to manage the Integrated Data Environment (IDE) and the Global Transportation Network (GTN) programs in a "virtual" converged program. The IDE/GTN Convergence programs will eliminate redundant data sources and information, improve data quality, and result in a "single" source for users to acquire supply chain, in-transit, and distribution information.
- Completed the Distribution Planning and Management System (DPMS) 1st and 2nd Destination Optimization capability which will allow DLA to achieve savings by optimizing the distribution planning process. It will also enhance logistics support to the warfighter by reducing customer wait time through improved visibility and tracking of assets for vendor and distribution center shipments. This includes monitoring carrier performance, predicting and confirming shipment arrivals to customers and delivering tailored logistics in peacetime and wartime.



**Table 4-4: Major Milestones Planned in FY06/FY07**  
(√ = Milestone Achieved)

DLA Priority	FY06 Milestones	FY07 Milestones
<b>Customers:</b> Provide responsive, integrated best value supplies and services consistently to our customers	<ul style="list-style-type: none"> <li>• Achieve Milestone C for Customer Relationship Management (CRM) (Q2)</li> <li>• Achieve IOC for CRM (Q2)</li> <li>• Formalize P3I Initiatives (Q2)</li> </ul>	<ul style="list-style-type: none"> <li>• Achieve IOC for CFMS (Q1)</li> <li>• Achieve Milestone C for Reutilization Modernization Program (RMP) (Q2)</li> <li>• Achieve Milestone C for Common Food Management System (CFMS) (Q3)</li> <li>• Achieve Milestone C for Product Data Management Initiative (PDMI) (Q3)</li> <li>• Achieve IOC for PDMI (Q3)</li> <li>• Achieve IOC for RMP (Q3)</li> </ul>
<b>Internal Processes:</b> Develop and institutionalize the internal processes required to deliver value-added logistics solutions to the warfighter	<ul style="list-style-type: none"> <li>√ Achieve IOC for the IDE</li> <li>√ DPMS interface with BSM</li> <li>• Complete Full-Rate Production Decision Review (FRPDR) for BSM Release 2.2 (Q4)</li> <li>• Implement BSM Release 2.2.1; revise functionality for Medical Army Single Stock Fund (Q4)</li> </ul>	<ul style="list-style-type: none"> <li>• Achieve FOC for DPMS Reverse Logistics Increment (Q2)</li> <li>• Achieve BSM-Energy FOC (Q3)</li> </ul>
<b>Workforce:</b> Ensure our workforce is enabled and empowered to deliver and sustain logistics excellence	<ul style="list-style-type: none"> <li>• Complete FRPDR for BSM Release 2.2 (Q4)</li> </ul>	<ul style="list-style-type: none"> <li>• Achieve FOC for BSM Release 2.2.1 (Q1)</li> <li>• Identify and assess competencies for 50% of DLA positions (Q4)</li> </ul>

### Near-Term Activities

- Implement Customer Relationship Management (CRM) Release 1.0 (IOC) in March 2006.
- Continue development of DPMS Reverse Logistics, which will provide the ability to identify and optimize the worldwide distribution of returned DLA items incorporated back into the distribution process.
- Expand data access services, modernize the business rules management capability that supports logistics transactions and common services, and address enhancements associated with the asset visibility capability as part of IDE in support of the Materiel Visibility BEP.
- Complete the IDE/GTN convergence alternatives study in March 2006, with the expectation of operating as a virtual, single PMO by March 06.



## United States Transportation Command

Specific business transformation goals of USTRANSCOM are to:

- Support the operational effectiveness of other Combatant Commands by providing expeditionary command and control capability for joint theater deployment and distribution; and by providing End-to-End (E2E) Total Asset Visibility (TAV) and In-Transit Visibility (ITV).
- Improve decision cycle time by providing IT support that turns near real-time data into actionable information.
- Promote across the DoD, financial management processes and solutions that are Chief Financial Officer (CFO) Act compliant and improve financial management visibility.
- Optimize operational flexibility in E2E distribution through improved and standardized resources, processes, and systems.

The priorities presented below will be fully supported by the Joint Deployment and Distribution IT Transition Plan. Currently, IDE/GTN convergence and DEAMS projects are aligned with these priorities.

### E2E Priorities:

- Improve our Command's ability to deploy joint theater logistics Command and Control (movements, distribution).
- Improve asset visibility and enable smoother distribution processes by capitalizing on automated IT.

### IT Priorities:

- Maximize distribution effectiveness in support of the warfighter by providing optimized E2E Joint Deployment and Distribution IT capabilities.

### Financial Priorities:

- Develop financial IT systems that consolidate and replace legacy systems, are CFO compliant, and provide superior data control and accountability.

### Execution Priorities:

- Attain 100% TAV and ITV of all materiel and forces.
- Standardize aerial and surface port IT and communications capabilities, processes, tactics, techniques, and procedures.

## Key Accomplishments since September 2005 ETP

- Identified, with DLA, 30 distribution process gap areas and opportunities for improvement with linkages to major DoD distribution initiatives in DoD's E2E global supply chain by employing joint integrated process teams (DLA) and global site visits and surveys (USTRANSCOM). The 30 gaps were then validated, prioritized, and assigned sponsors by panels representing the Combatant Commands, Services, Agencies, Joint Staff, and OSD.
- Awarded contract for System Integration support for DEAMS on 3 February 2006.
- Incorporated all 62 Phase One SFIS elements in the DEAMS requirement baseline.
- Agreed to partner with DLA and analyze the convergence of two separate information systems, the Global Transportation Network (GTN) and the DLA Integrated Data Environment (IDE) to enhance E2E capability for the warfighter. The convergence is expected to provide a common logistics backbone for the sustainment and distribution segments of DoD's Global Supply Chain.
- Published Edition 1 of the Joint Deployment and Distribution Operations Center (JDDOC) Template providing an organizational structure that will use reach-back and in-transit visibility to improve force deployments and materiel delivery to the warfighter. Validated cost



avoidances facilitated by USTRANSCOM through the JDDOC initiative totaled \$596.18 million as of October 2005.

- Completed the draft JDDOC Joint Capabilities and Integration Development System (JCIDS) Doctrine, Operations, Training, Materiel, Leadership and Education, Personnel, and Facilities (DOTMLPF) change recommendation and circulated it for comment. This is the first step to codifying the JDDOC into doctrine and making its improved distribution capabilities a normal part of operations.
- Aligned the Joint Deployment and Distribution Architecture (JDDA) to OSD's Business Enterprise Architecture (BEA 3.0). Aligned Service and DLA architectures to the JDDA, aligned operational activities to JDDA activities, and aligned IT systems to JDDA Activities.
- Continued implementing the Joint Task Force - Port Opening (JTF-PO) capability: JTF-PO C4S CONOPs/technical requirements documentation completed and demonstrated during EXERCISE Bright Star 05/06. Secure and nonsecure voice and data requirements satisfied within 24 hours after arrival on-site; effective Radio Frequency Identification (RFID) capabilities established at marshalling areas and base entry/exit points; and identified lessons learned.
- Addressed data visibility problems for the Joint Deployment and Distribution Enterprise (JDDE) with participants from OSD, Services, COCOMs, and DLA. Analyzed the problems of data visibility for the JDDE, and identified a recommended Course Of Action targeting the 2015 to 2025 timeframe that will provide the common data visibility required to coordinate and synchronize the actions of JDDE partners.

**Table 4-5: Major Milestones Planned in FY06/FY07**

(√ = Milestone Achieved)

USTRANSCOM Priority	FY06 Milestones	FY07 Milestones
<b>E2E Priorities</b>	√ Complete distribution process gap analysis • Prioritize a list of gap-resolving projects. (Q4)	• Identify DOTMLPF change recommendations for selected gaps (Q4) • Develop and monitor functional needs and solutions analyses for selected gap-resolving projects (Q4)
<b>IT Priorities</b>	• Analyze convergence opportunity for IDE and GTN (Q3)	
<b>Financial Priorities</b>	√ Award contract for DEAMS program system integration support √ Incorporate Standard Financial Information Structure - Phase One elements in the DEAMS requirement baseline	
<b>Execution Priorities</b>	√ Publish JDDOC Template Edition 1 • Publish JDDOC Template Edition 2 (Q3) • Begin codification of JDDOC through JCIDS (Q3) • Incorporate "Pure Pallet" initiative in the Defense Transportation Regulation (Q3)	



## Limitations and Gaps from September 2005 ETP

USTRANSCOM has not yet developed measurable performance metrics for all ETP initiatives. The command is working to capture data on relevant initiatives and develop appropriate metrics by Q4FY2007.

## Near-Term Activities

- Add several new business transformation initiatives to the September 2006 ETP to include: codification of the JDDOC construct in doctrine, Defense Transportation Coordination Initiative, convergence of DLA's Integrated Data Environment (IDE) with USTRANSCOM's Global Transportation Network (GTN), and the Deployment and Distribution Command and Control (D2C2) initiative.
- Assign sponsors responsible for identifying required DOTMLPF changes for the top priority distribution process gaps in DoD's global supply chain. Sponsors will also develop functional needs analysis and functional solutions analysis, and staff as required. Appropriate governance bodies will monitor progress and resolve issues.
- Continue to integrate product team goals of DEAMS requirements refinement working groups in all functional areas.
- Prepare for the arrival of the DEAMS System Integrator with COTS product (Oracle) training by the end of Q2FY06.
- Review with DLA, the analysis of benefits, costs, and risks associated with the IDE/GTN convergence initiative and together make a business decision to proceed with the initiative or not. Pending a positive business case analysis, the USTRANSCOM and DLA partnership will create an organizational structure for a "joint" Program Executive Office to manage the IDE/GTN convergence.
- Collaborate with the Defense Logistics Agency and the Military Services on a Continental United States freight initiative called the Defense Transportation Coordination Initiative (DTCI). This initiative is focused on increasing operational effectiveness while simultaneously obtaining efficiencies by using best business practices and improving predictability using more dedicated truck scheduling and cross-docking operations.
- Publish Edition 2 of the JDDOC Template, containing additional annexes describing specific organizational structures applicable to each geographic Combatant Commander.
- Begin codification of the JDDOC concept by introducing a formal DOTMLPF change recommendation into JCIDS.
- Incorporate the "Pure Pallet" initiative into the Defense Transportation Regulation. The result will be to codify into normal procedures the benefits of improved requisition wait time and reduced mis-directed freight obtained from the "Pure Pallet" initiative.
- Implement improved Joint Task Force - Port Opening tactics, techniques, and procedures in support of Exercise ARDENT SENTRY 06.
- Integrate USTRANSCOM and Air Mobility Command's system architectures: Air Mobility Command's architecture and the Mobility Air Force Enterprise Architecture are being integrated into USTRANSCOM'S Corporate Resource Information Source architecture database.
- Continue integration of USTRANSCOM and transportation component command architectures to develop the Joint Deployment and Distribution Architecture (JDDA).
- Form a Capabilities-Based Assessment Team to visit each of the key systems that support theater distribution (TC-AIMS II, CMOS, DSS, and others) with a view toward consolidating the required features from each into a common improved theater distribution management system. Recommend solution alternatives to IRB, to include identifying systems that will support Theater Distribution and worldwide Traffic Management Office segments of the Distribution Process, focusing on non-unit personnel and sustainment cargo.



- Analyze the data from three distribution systems in order to develop a Logistics (Distribution) Common Operating Picture (Log(D)COP).
- Document and map current business processes (e.g., mode determination) of the Fusion Center as described in USTRANSCOM's Focus Warfighter programming plan. Systems and systems function information will be used to support management of operations and command and control portfolios.



## Defense Finance and Accounting Service

Defense Finance and Accounting Service's (DFAS) transformation goal is to produce higher quality products and services at lower costs, allowing more dollars to be directly applied to the DoD warfighting mission. To achieve this goal DFAS will:

- Deliver error-free pay services on time
- Provide business intelligence that supports better operational resource allocation and decision making
- Establish and maintain a partnership with our customers to anticipate needs and deploy integrated solutions to enhance financial management capabilities across DoD
- Attract, develop and retain a first-rate work force with the skills, agility and motivation necessary to achieve the DFAS mission

### Key Accomplishments since September 2005 ETP

- Identified areas to improve timeliness and accuracy of military pay through the Military Pay Improvement Action Plan which focuses on reducing urgent military pay problems, automating processes and eliminating redundancies.
- Significantly improved the management of Wounded In Action (WIA) soldier pay accounting by processing 100% of combat zone pay entitlements in a timely manner for injured soldiers at Landstuhl Army Hospital.
- Expedited the pay correction process by allowing ad hoc queries to be performed by the analysts against the staging database established for Defense Joint Military Pay System (DJMS).
- Improved the ability to pay service members correctly, by performing data cleansing that reduced the overall number of records requiring correction.
- Reviewed and terminated the Forward Compatible Payroll (FCP) program. During this period, the Department determined that it was unnecessary to continue investing in two military payroll solutions, since the intended interim solution (FCP) was taking longer than anticipated to implement, and deployment of the long-term solution (DIMHRS) is being expedited. Therefore, DFAS has cancelled the FCP program in favor of a single concerted effort toward implementing the DIMHRS solution, beginning with the Army.
- Provided subject matter expertise and information on pay processes, interface integration, and legislative requirements to facilitate the DIMHRS review that resulted in a December 2005 decision by the Department to transfer DIMHRS program implementation to the DBSAE.
- Provided Wide Area Workflow (WAWF) training to over 300 vendors in support of Army's transition to WAWF; as part of the Electronic Commerce (EC) initiative, WAWF reduces manual processing of hardcopy documents (e.g., invoices) and is expected to increase invoices received electronically by 25% in FY06.
- Completed DFAS Business Transformation Plan for BRAC and received approval from USD, AT&L Steering Group on January 6, 2006, allowing DFAS to begin execution of the plan.



**Table 4-6: Major Milestones Planned in FY06/FY07**  
(√ = Milestone Achieved)

DFAS Priority	FY06 Milestones	FY07 Milestones
<b>Reduce the number of urgent military pay problems</b>	<ul style="list-style-type: none"> <li>√ Complete Military Payment Improvement Action Plan (Q2)</li> <li>√ Train and deploy WIA Tiger Teams to key field finance offices (Q2)</li> <li>• Lift 'brown-out' of DJMS and reinstate Configuration Control Board (CCB) (Q3)</li> </ul>	<ul style="list-style-type: none"> <li>• Implement DJMS enhancements to reduce manual workarounds and to stabilize DJMS for an extended lifecycle (Q4)</li> </ul>
<b>Improve financial performance by automating manual processes and eliminating redundancies</b>	<ul style="list-style-type: none"> <li>• Convert SRD I (DFAS-Kansas City) to Automated Disbursing System (ADS) as part of DFAS Disbursing High Performing Organization (DDHPO) (Q4)</li> </ul>	<ul style="list-style-type: none"> <li>• Convert SRD I (DFAS-Columbus) to ADS as part of DDHPO(Q1)</li> <li>• Convert SRD I (DFAS-Indianapolis) to ADS (Q4)</li> </ul>
<b>Expand Electronic Commerce Capabilities</b>	<ul style="list-style-type: none"> <li>• Deploy Electronic Document Access (EDA) and Voucher Attachment System (VAS) at DFAS-Columbus (Q2)</li> <li>• Deploy WAWF to Army (Q4)</li> <li>• Expand imaging capability via EDA and VAS implementation at existing DFAS sites (FOC) (Q4)</li> <li>• Implement EC Strategic Plan (Q4)</li> </ul>	

Note: FCP milestones from the September 2005 ETP have been deleted. The DIMHRS review concluded that (1) the economic benefits of FCP are minimal with DIMHRS projected to be implemented in the near future; (2) the technical complexity of FCP creates high risk due to the number of interfaces; and (3) FCP as an interim solution distracts commitment to DIMHRS.

### Limitations and Gaps from September 2005 ETP

The following limitation from the September 2005 ETP requires resolution:

- DDHPO has milestones that are dependent on reallocation of FY06 funds. DFAS plans to work internally to realign the budget, identify additional funds, and establish distinct DDHPO budget data. Once DDHPO funding is approved, activity will commence to accomplish the milestones identified to convert SRD I to ADS.



### Near-Term Activities

- Complete FCP termination activities based on results of DIMHRS review; conduct cost-benefit analysis and review of low-risk enhancements to sustain DJMS until DIMHRS deployment.
- Support DBSAE and Military Services with DIMHRS program implementation in accordance with the Deputy Secretary of Defense's transfer of program implementation to the DBSAE.
- Work with DIMHRS program management to take advantage of possible opportunities for re-use, such as FCP software, hardware, and test scripts.
- Train and deploy WIA Tiger Teams to assist Army in auditing wounded soldier's pay accounts.
- Commence modifications to ADS and DCD/DCW to implement DDHPO and to eliminate redundant systems upon receipt of funding.
- Train an additional 200-300 vendors in preparation for WAWF (EC) deployment to Army.
- Deploy WAWF at Army installations for Army use; continue to work with all other Services on plans to expand WAWF which is expected to reduce hardcopy pay requests by 50%.
- Deploy EDA and VAS to DFAS-CO; continue plans to expand EDA and VAS to existing DFAS locations; imaging documents will reduce administrative costs associated with the transfer of hard copy documents from locations impacted by BRAC to the enduring sites.
- Continue to plan promotion of EC strategy by expanding purchase card usage to DoD users.
- Work with customers to develop plans to provide increased access to decision-making information through business intelligence tool suites.
- Begin plans to transition workload this fiscal year from closing to enduring DFAS sites as BRAC migration closes four sites.



## V: FY06-FY07 Business Transformation Focus

Over the next year, DoD business transformation will focus on achieving the milestones defined in the previous sections. To enable this, the DBSMC will foster collaboration and accountability across the Business Mission Area while establishing a sense of urgency for capability improvements. The activities listed below (and described in this section) are key to the success of the transformation:

- Drive Program Implementation
- Measure Transformation Progress
- Continue to Develop and Extend BEA
- Update and Integrate Transition Plans
- Refine System Certification Process
- Implement Financial Improvement and Audit Readiness (FIAR) Plan
- Address GAO Recommendations

### Drive Program Implementation

Across the Department of Defense, the focus for business transformation is moving from one of definition and documentation to one of implementation. The BTA is at the center of this focus, driving implementation of the programs that will improve the Business Capabilities depicted in the BEA.

First, in his leadership role within the BTA, the DBSAE is leading DoD's efforts to improve the acquisition oversight of Enterprise programs. To facilitate effective management, the DBSAE is progressively migrating assigned Enterprise-level systems and initiatives, including DIMHRS, DTS, SPS, and WAWF, to its oversight in an effort to provide better, more coordinated and efficient management of these programs. The DBSAE is thoroughly reviewing each program from all perspectives to include governance, acquisition status, funding, personnel, overall program health, etc., and is looking for opportunities to improve program performance and realize required capabilities. The DBSAE updates the DBSMC on the status of these programs on an as-needed basis to ensure senior level involvement in resolving cross-DoD issues affecting these Enterprise-level programs. When new start programs are assigned, the DBSAE will work with the governing PSA and DBSMC to define an acquisition strategy that enables the Department to rapidly field these Enterprise programs and the Business Capabilities they will deliver.

In addition, the BTA is also working closely with many of the large-scale transformation efforts within the Components to assist in the accelerated deployment of Enterprise requirements as depicted in the BEA. For example, a cross-functional team from the BTA has been meeting on a weekly basis with many of the Component ERP programs to discuss detailed specifics associated with the deployment of the first phase of the Standard Financial Information Structure (SFIS), one of the key standards contained in the BEA.

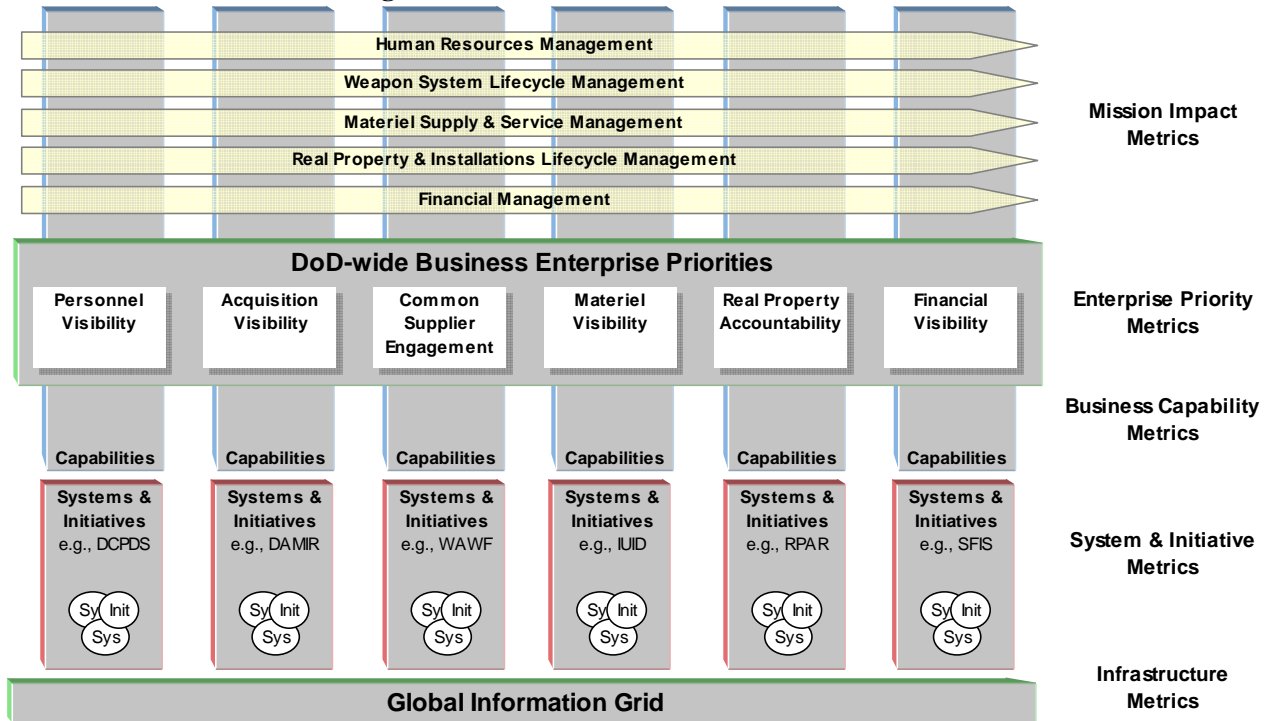
Business transformation will be achieved as the transformed state described by the BEA is implemented in processes and systems across DoD. This success will then lead to improved Business Capabilities that will drive tangible benefits for decision makers across the Department and warfighters in the field.



## Measure Transformation Progress

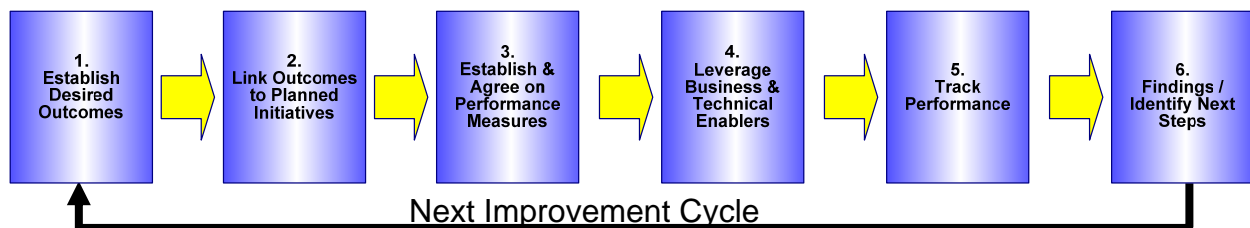
Determining the degree of improvement will require a performance measurement approach that aligns outcomes through the Business Enterprise Priorities and Business Capabilities to investments in systems and initiatives. The Metrics Framework shown in Figure 5-1 depicts the levels at which the DoD will document progress.

Figure 5-1: Metrics Framework



From beginning to end, the performance management process is a collaboration between decision makers, accountable managers and other stakeholders. The outcomes and findings of this process then inform the next iteration to enable continuous improvement (see Figure 5-2).

Figure 5-2: Performance Management Process



Several principles drive metrics development and implementation:

- **Outcome-orientation** – Emphasize performance improvement of defined outcomes that support the warfighter, better inform the decision maker, reduce the cost of business operations, and improve financial stewardship.
- **Tiered Accountability** – Align accountability to the appropriate management tier, with metrics at all levels aligned to the Core Business Missions. At the Enterprise level, the BTA focus is on measuring progress toward improved Business Capabilities that support BEP and strategic objectives. Components



will similarly measure progress against their own priorities. To monitor the underpinnings of all these efforts, DoD CIO will measure the infrastructure improvements provided through the Global Information Grid (GIG). Operational metrics required by PSAs will continue to be monitored by current processes.

- **Visibility** – Share performance information widely. Encourage a culture of open disclosure to address and correct potential problems. This will allow early correction of issues and provide better information for decision making.

**Next Steps:** Strengthening Performance Management requires a multi-dimensional approach. DoD has begun establishing the metrics baseline starting with the Business Capability level, as illustrated in Appendix E. As these metrics are evaluated, additional metrics will be developed at the BEP and CBM-levels to assist in monitoring and reporting, at the Enterprise level, the effect of the Business Capability improvements on the end-to-end missions. Once the baseline measurements for Business Capability metrics are defined, the DoD will begin reporting progress against that baseline through scorecards presented to the DBSMC. Concurrently, the BTA, PSA offices, and Components will align system and initiative metrics to ensure these enablers are meeting the performance objectives of the current priorities.

### Continue to Develop and Extend the BEA

As the transformation efforts associated with Business Enterprise Priorities continue to mature, analysis and incremental extension of the BEA will continue. These extensions may include, but are not limited to:

- Addressing identified gaps in the depiction of enterprise processes
- Integration of enterprise Business Process Reengineering (BPR) efforts
- Linkage of identified performance metrics
- Incorporation of emerging enterprise systems and initiatives
- Alignment with emerging law, policy, and regulations
- Accomplishing appropriate linkages with other members of the Federation

Examples of specific areas identified for future architecture development follow. Full descriptions are provided within the BEA in the AV-1. These findings include:

- Improving linkages to warfighter requirements and objectives – To ensure that DoD's business transformation is relevant to its overall mission, transformation must focus on improving support to the warfighter. Accordingly, the current effort concentrates on identifying those key systems and initiatives that will provide the highest benefit to the warfighter.
- Enhancing the PPBE and program management portions of the BEA – BEA 3.1 has little depth in these areas. Future versions of BEA will provide a more robust, mature, integrated PPBE and program management architecture. The Department recognizes the need to document a clear planning process that balances requirements with resources and provides direction. Completing the planning function within the BEA will additionally better integrate each of the BEPs.
- Enhancing integration between DoD Enterprise and Component Enterprise architectures – While the Component transition plans submitted in support of the ETP address some of their linkages to the



DoD Business Enterprise Priorities, the underlying architectural linkage will be built out in future versions of the BEA and Component architectures.

- Enhancing net-centricity in the BEA – Future iterations of the BEA will be enhanced to better designate authoritative data sources, identify required business services, and leverage Net-Centric Core Enterprise Services.

#### Development of “As Is” Architecture

As the business transformation effort evolves, DoD leadership continues to evaluate the level of “As Is” architecture required. While developing a complete suite of architecture products is not cost effective or beneficial, developing a greater understanding of our “As Is” conditions will help to guide and monitor our improvements.

Over the next year, the DoD Enterprise-level “As Is” architecture efforts will focus on three areas:

- 1) Identifying the Business Capability gaps;
- 2) Improving the systems inventory; and
- 3) Documenting the “As Is” baseline for the Enterprise-level systems managed by the DBSAE.

DoD’s approach will be to develop *just enough* “As Is” information that is useful to perform a Business Capability gap analysis or otherwise guide transformation based on the current set of priorities. Detailed “As Is” products will be developed *just in time* for the intended use (just prior to the corresponding development of “To Be” products). Tiered accountability for developing and implementing these architectures means that the organizations that will use these “As Is” architecture products will develop those products, in conjunction with the process owners.

To build this “As Is” picture, DoD will integrate two parallel approaches to 1) leverage the Department’s extensive performance management, inspection, and audit results to specify Business Capability gaps (e.g., material weaknesses), and 2) leverage “As Is” architecture and gap analysis at the program-level starting with the DoD Enterprise programs managed by the DBSAE. Each gap will be assigned to a program and linked to the appropriate level of architecture. The plan to close the gaps will be articulated in the ETP and Component transition plans and the progress in closing the gaps will be measured through performance metrics.



## Case in Point: Transforming with Minimal “As Is” architecture at the DoD Enterprise level

An example of the way in which the DoD is identifying and addressing business capability gaps at the DoD Enterprise level with minimal “As Is” architecture can be seen in recent architecture and planning activity related to processing Intragovernmental Transactions (IGT) and financial eliminations. The FY05 DoD Performance and Accountability Report (PAR) highlighted Intragovernmental eliminations as a material weakness. As with all material weaknesses in the PAR, the problems and causes were identified by DoD’s Inspector General based on audits, investigations, and inspections.

The IGT weakness is related to two of the Business Enterprise Priorities (Financial Visibility and Common Supplier Engagement) depicted in the BEA. Within these BEPs, the following Business Capabilities were identified as being impacted by this material weakness:

- Manage Financial Assets & Liabilities (FV)
- Manage General Ledger (FV)
- Financial Reporting (FV)
- Manage Receipt and Acceptance (CSE)
- Manage Payment (CSE)
- Manage Request (CSE)
- Manage Sourcing (CSE)

DoD leadership was able to leverage the formally documented IGT material weakness in order to directly address it as a high-priority gap. (The alternative would have been the cumbersome process of building a complete set of “As Is” architecture products, comparing them to a complete “To Be” architecture, and identifying gaps through the comparison of “As Is” to “To Be.”) The BTA worked collaboratively with experts from across the Department to design a “To Be” enterprise-level solution in BEA 3.1 to address the reimbursables only portion of the IGT material weakness. The “To Be” solution consists of processes, business rules, and data models that will significantly enhance the Department’s ability to perform these functions. Moreover, the ETP now contains capability-based metrics, such as “*Degree to which payables and receivables can be linked and matched in dollar terms across Intra-governmental transactions*,” that will enable DoD to monitor progress in closing the Business Capability gap defined by the IGT material weakness. Analysis is currently underway on the next step in the process—identifying the appropriate system solution(s) to support the new processes and rules. This analysis will be completed this year.

This effort was done without building detailed architectural models of all the ways that DoD executes IGT and financial elimination in the current (“As Is”) state. The identification of the material weakness in the PAR was sufficient to indicate the nature and scale of the problem for Business Mission Area leaders. Rather than spending significant effort deciphering current operations, the team poured its efforts into identifying and documenting an optimal solution in the BEA, began working on identifying the optimal technical components of that solution, and identified business capability metrics that will serve to monitor progress from the “As Is” toward the “To Be.” As the system solution(s) are identified, their implementation (interfaces, systems migrations, etc.) may require further “As Is” architecture descriptions to ensure a comprehensive solution.

This example highlights DoD’s intent to use authoritative reviews of problems in business operations to highlight particular capability gaps to address. These authoritative reviews appropriately and cost effectively identify business needs.

## Update and Integrate Transition Plans

Transition plan updates reflect the latest decisions affecting business transformation, such as revisions to priorities, decisions on system certification, determinations on the availability and allocation of resources. Consolidating this information in updated Enterprise and Component transition plans supports the next round of decision making; guides investment control; helps program managers see how their efforts fit into the bigger picture; ensures that plans are relevant to the needs of the warfighter; and reveals critical dependencies between programs.

The September 2006 ETP will show achievement of schedule milestones and status of future milestones, along with defined baseline measurements for Business Capability metrics. Moreover, the BTA will document Business Capability gaps and identify which technical and non-technical solutions will address closing each gap (as well as where no solution has yet been identified).

During the coming year, continued program planning and implementation will result in new and refined milestones, resource needs, and metrics, as well as the determination of specific termination dates for migrating systems. The BTA will further integrate with Component transformation, focusing on Component enablers of BEP objectives. The BTA also will



continue to identify dependences within and between programs and between plans depicted in the ETP and other plans across DoD, such as the Financial Improvement and Audit Readiness (FIAR) Plan. These revisions will be reflected in each ETP update.

### Refine System Certification Process

Investment review and certification processes were implemented in 2005 and are continuing to be improved. In 2006, the Annual Review Process, which augments the Certification Process, will ensure periodic review of IT investments progresses in an efficient and effective manner. IRBs will schedule annual reviews so that systems with similar functionality are reviewed together so that it is easier to identify redundancies and select viable alternatives.

Over the next year, the BTA will focus on improving and integrating management data for architecture, transition planning, and investment review to enable more efficient and effective processes. Thus far, the BTA and DoD CIO have established SNAP-IT (resources) and DITPR (program management) as the authoritative repositories for IT Business Systems' information and integrated them into the certification process. The BTA is also working closely with the DoD CIO on developing portfolio management guidance and co-chairing a Management Data Community of Interest (COI).

Over the long term, the Department will integrate the certification and annual review processes with other investment related processes in the Department, such as the annual Budget submission and the milestone requirements associated with the Defense Acquisition Process, in parallel with streamlining these processes to ensure that capabilities are delivered faster to the warfighter.

### Implement Financial Improvement and Audit Readiness (FIAR) Plan

On November 8, 2005, the Deputy Secretary of Defense directed the Department to make the development and implementation of the Financial Improvement and Audit Readiness (FIAR) Plan a priority. In December 2005, the Department completed and issued the first version of the FIAR Plan, which establishes a DoD-wide strategy and systematic, incremental approach for improving financial and business operations. The FIAR Plan was collaboratively developed with the Military Departments and DLA. It prioritizes DoD financial improvement efforts and is fully integrated with ETP initiatives.

Four high-impact, focus areas are addressed in the FIAR Plan – Military Equipment, Real Property, Medicare-Eligible Retiree Health Care Fund, and Environmental Liabilities. Fund Balance with Treasury is also a priority area in the FIAR Plan. These focus areas represent 71 percent of the Department's assets and 80 percent of its liabilities. The Department projects achieving favorable audit results in these areas by FY2010. Over time, other Balance Sheet items and every Defense organization will be thoughtfully brought in-line until the financial operations for 100 percent of DoD assets and liabilities are transformed.

Financial, as well as business, transformation is critical to the Department's success. The FIAR Plan unites DoD financial and business communities and comprehensively guides their efforts in improving internal controls, resolving material weaknesses, and ensuring fiscal stewardship. Critical paths for resolving problems, implementing solutions and achieving success have been established and progress is being monitored and reported to senior DoD leaders on a monthly basis. As with the ETP, the FIAR Plan underscores the Department's commitment to stewardship and accountability. The FIAR Plan will be updated semiannually consistent with future releases of the ETP.



### Address Government Accountability Office (GAO) Recommendations

The Department continues to work closely with GAO to address its recommendations regarding DoD's business transformation efforts. Specifically, the Department believes it has addressed, or is in the process of addressing, almost all of the recommendations that relate to program governance and investment control, as well as those recommendations relating to the governance, scope, and communication of the BEA and ETP. In total, the DoD believes that it has taken the necessary steps to achieve closure on three-quarters of all outstanding recommendations and is actively working to address all remaining issues.

The Department is tracking all outstanding recommendations and has shared with GAO plans for addressing those that are still open. Table 5-1 summarizes where the Department believes it stands on the GAO recommendations.

**Table 5-1: Status of GAO Recommendations**

Categories	Closed by GAO	Implemented – Pending Closure by GAO	Partially Implemented by BTA	Addressed at Component Level	Total
<b>Governance and IRB</b>	3	9	1	0	13
<b>BEA/ETP Governance, Scope, Communication</b>	2	7	0	0	9
<b>Technical BEA Recommendations</b>	1	3	3	0	7
<b>Miscellaneous</b>	0	3	2	1	6
<b>Total</b>	6	22	6	1	35

In its November 23, 2005 report, GAO indicated that the Department is moving in the right direction with its business transformation efforts. The report states that the Department “has made important progress in establishing the kind of fundamental management structures and processes that are needed” to transform its business operations. Although the report cites some areas for further development with respect to the BEA, ETP, and to the investment review process, it contained no new recommendations for the Department.

One area requiring additional clarification is the integration of the BEA and ETP. GAO stated that “the architecture does not appear to be fully integrated with the enterprise transition plan” because of a perceived mismatch between systems included in the architecture and those listed in the ETP. The Department has indicated, in its response to this report, its view that the BEA and ETP are fully integrated in terms of systems. As previously noted, the BEA focuses on target DoD Enterprise systems to support the BEPs. Component-level systems are included in the Component architectures. The ETP, on the other hand, provides details on the transformational programs identified to support both Enterprise and Component priorities. The ETP also lists other systems that will remain as part of the “To Be” environment (until their replacements are identified). The only target systems in the ETP that are not in the BEA are those Component-specific solutions that are outside the BEA’s DoD Enterprise-level scope.

Another GAO concern is the development of “As Is” architecture products. Because DoD’s Business Mission Area currently contains a complex, dynamic, non-standard, non-integrated



set of processes and systems that differ in each of the hundreds of DoD organizations, centrally developing a comprehensive set of “As Is” architecture products would be an expensive and ineffective use of time and resources. Moreover, such an “As Is” depiction would be obsolete the moment it is completed. Therefore, a more scalable approach is necessary that retains the ability to support planning and provide an easily traceable direct link between the examination of “As Is” conditions and resulting “To Be” solutions. DoD's approach for developing “As Is” is described on pages 59-60.

GAO has also recommended that the Department implement all core elements of the GAO's Enterprise Architecture (EA) Framework. The Department takes the position that it has implemented those elements necessary given the scope and purpose of the BEA. GAO itself recognizes that not all elements are appropriate for all architectures. The elements required should vary based on the architecture's stated purpose. Further discussions with GAO on this topic will clarify the necessary requirements. Other open recommendations the Department is working to address cover such diverse issues as BEA workforce planning, the policy for pilot programs, the internal quality assurance function and external communications of the BEA and ETP. The Department is deeply committed to addressing all concerns of GAO and all other federal oversight bodies and will work aggressively to continue to build and maintain a strong working relationship with these organizations.



## VI: Conclusion

The Department of Defense is undergoing unprecedented business transformation. Despite the challenges that its enormous size and complexity present, DoD's critical mission demands that its business operations be as agile, efficient and effective as possible in order to meet the needs of its warfighters. The Department must ensure that the right capabilities, resources and materiel are delivered rapidly and reliably to our warfighters whenever and wherever they are needed. Success can only be achieved through strong and dedicated senior leadership, structured collaboration, and commitment across the Department.

Over the past year, the Department of Defense has made significant progress in its business transformation efforts in three major areas: governance, investment control, and enterprise architecture. In terms of governance, DoD has instituted a strong structure with tiered accountability to guide and manage its business transformation efforts. This governance structure includes the DBSMC, IRBs, and the new Defense Business Transformation Agency. Regarding investment control, DoD has implemented a robust, standardized review process designed to better evaluate and control the Department's investment in business systems. The Department has developed and is utilizing the BEA and ETP to guide investments in business systems, better inform strategic decision making, and monitor progress toward achieving defined business capability improvements. All of these efforts represent simply the first few miles of a marathon race toward better business operations; however, they are important first steps that both are significant accomplishments in their own right and provide a solid foundation for future progress.

Moving forward, DoD will focus its efforts on executing the DBSMC-approved business transformation plan in order to provide improved support to warfighters and decision makers and enable greater financial accountability. Specifically, the Department will work to develop transformational capabilities and continue to meet established milestones. Furthermore, the BTA will publish an updated BEA and a new version of the ETP in September 2006, and DoD will work to better integrate the Enterprise-level architecture and Enterprise Transition Plan with the products the Components are developing. The BTA will also issue new guidance on the IRB certification process to define the procedures for annual review and provide greater standardization of the overall process.

The Department has initiated significant change and accomplished much over the past year, and with the continuing support of Congress and the American people, it will further improve how it accomplishes its mission in the years to come. DoD will maintain its focus on business transformation because the output of this effort is producing a more capable military force, a more efficient use of resources, and a more financially accountable organization.



## ETP Appendices

In accordance with the requirements of the FY05 NDAA, the September 2005 ETP included milestones, resource needs, system migration information and metrics. This report includes a separate volume of appendices that contain updates to this information.

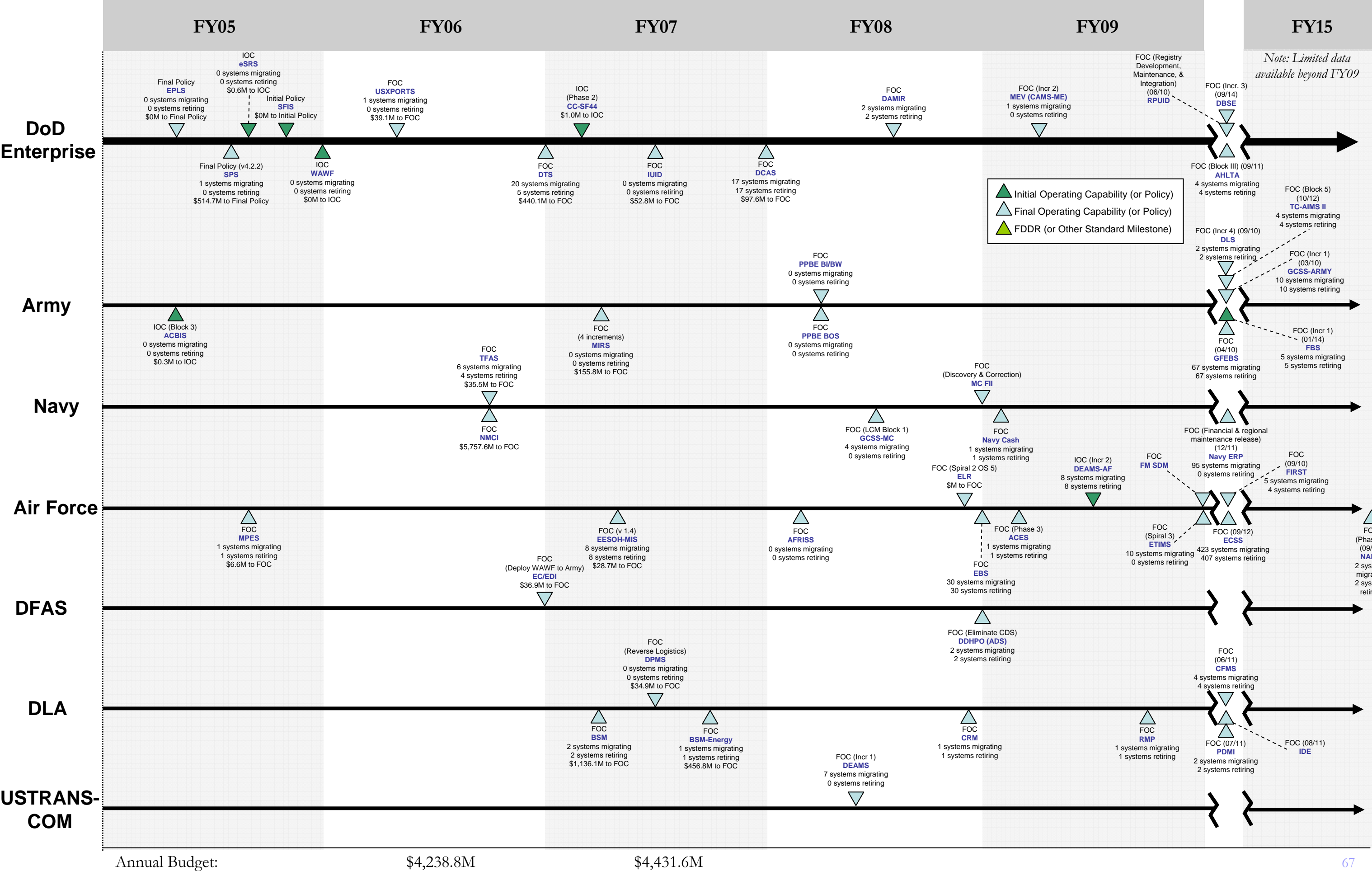
The updated ETP appendices, found in a separate volume, contain the following information:

If you are looking for	Look in this appendix
A list of DoD Enterprise and Component target business systems and initiatives. Contains additional information such as the Lead Core Business Mission, Certification Authority, as well as matrices showing Using Component.	Master List of Systems and Initiatives
Enterprise-level system and initiative objectives, milestones, and cost and migration data, at a glance.	A: DoD Enterprise Transformation Summary
Component-level system and initiative objectives, milestones, and cost and migration data, at a glance.	B: Component Enterprise Transformation Summary
Graphics with key milestone dates for each key Enterprise and Component-level system and initiative.	C: Transition Timeline (Plan of Record) (also included in this volume)
A timeline showing key dates for the Business Transformation Agency (BTA) and business transformation related activities.	D: BTA Management Timeline (also included in this volume)
Tables and figures that depict: <ul style="list-style-type: none"> <li>• The Business Capabilities and their relationship to OV-5 activities in the BEA</li> <li>• Business Capability outcome metrics</li> <li>• Systems/initiatives mapping to Business Capabilities</li> <li>• Key management information about systems and initiatives (Quad Charts)</li> </ul>	E: BEP - Business Capability - System/Initiative Tables
Tables that present: <ul style="list-style-type: none"> <li>• Component transformational systems and initiatives, the Component priorities they support, and business capabilities they provide</li> <li>• Component priorities with Targeted Outcomes, Milestones, and Metrics</li> <li>• Other systems and initiatives of interest</li> </ul>	F: Component Priority System/Initiative Tables
The System Evolution Description (SV-8), showing the migration of legacy systems and key milestones.	G: System Migration Diagrams H: System Migration Summary Spreadsheets J: Key Milestone Plan
Summary budget information for Enterprise and Component-level systems and initiatives, as well as budgets for Enterprise Transformation Support.	I: Funding Summary
Milestones by Business Enterprise Priority or Component.	J: Key Milestone Plan

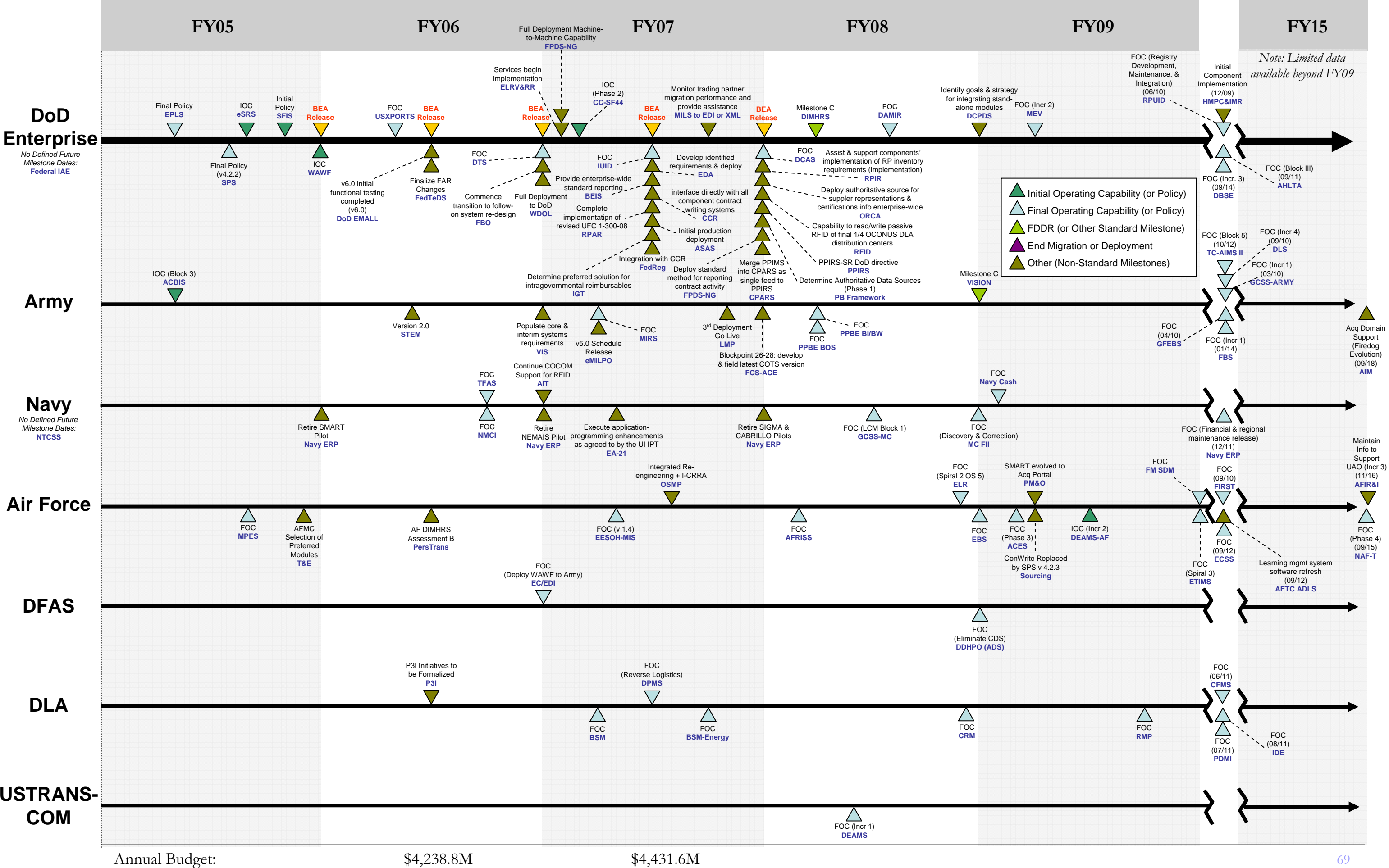


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## Organization of the Defense Business Transformation Agency

On October 7, 2005, the Deputy Secretary of Defense signed a memorandum establishing the Defense Business Transformation Agency (BTA). This new agency's mission is to transform business operations to achieve improved warfighter support while enabling financial accountability across the Department of Defense. The Agency is specifically responsible as a corporate level service organization for the DoD, accountable for successful definition and execution of DoD-wide business improvement initiatives and system investments. The Agency operates under the authority, direction and control of the Under Secretary of Defense for Acquisition, Technology and Logistics (USD(AT&L)). The day to day direction, management and oversight for this agency is provided cooperatively by the Deputy Under Secretary of Defense for Business Transformation (DUSD(BT)) and the Deputy Under Secretary of Defense for Financial Management (DUSD(FM)). The Agency is organized into the following seven divisions:

**Defense Business Systems Acquisition Executive (DBSAE):** The DBSAE is the Component Acquisition Executive (CAE) for DoD Enterprise-level systems and initiatives. To date 28 Enterprise programs and initiatives have been identified to move under the DBSAE's oversight.

**Transformation Planning and Performance:** This organization is responsible for maintaining and updating the Department of Defense Business Enterprise Architecture (BEA) and corresponding Enterprise Transition Plan (ETP). Additionally this organization monitors the performance of Enterprise programs and initiatives ensuring that they meet their milestones documented in the ETP. The organization includes the newly established Enterprise Integration Office, a dedicated team of subject matter experts in Enterprise Resource Planning and large scale enterprise business systems tasked with collaboration with DoD component organizations to ensure DoD enterprise standards and systems are rapidly adopted and integrated with Component-level efforts.

**Transformation Priorities and Requirements:** This organization is the primary link to the Principal Staff Assistants (functional business requirement owners) within the Office of the Secretary of Defense, as well as other DoD Enterprise-level organizations including US Transportation Command, the Defense Logistics Agency, and the Defense Finance and Accounting Service. It ensures that the functional priorities and requirements of these client organizations are reflected in the both the Business Enterprise Architecture and the Enterprise Transition Plan, and in the guidance for business system investment management.

**Investment Management:** This organization is responsible for supporting the execution of investment management processes established to oversee Defense business systems investments across the Department. This organization also leads efforts to streamline the existing process for acquisition and oversight of Major Automated Information Systems (MAIS) within the Defense Acquisition System.

**Warfighter Support:** This office identifies urgent Enterprise-level business issues directly impacting the warfighter, and works to resolve these issues via rapid systems capability and process improvements. This includes engaging with joint staff and Combatant Commands to identify and communicate theater requirements to the agency. Additionally, this office will monitor theater business process and system improvement initiatives sponsored by the BTA, and will ensure their progress in accordance with BTA performance objectives.

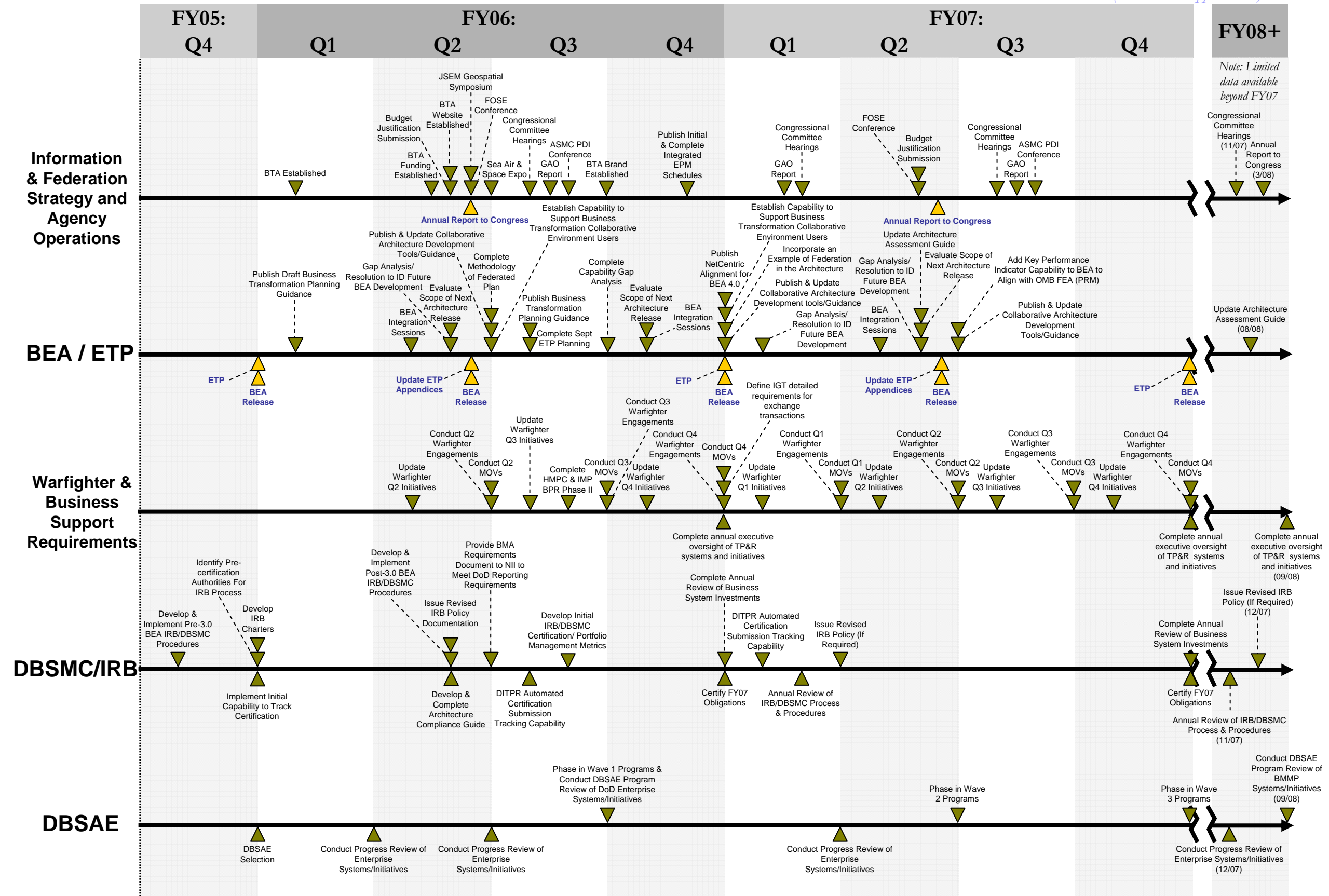


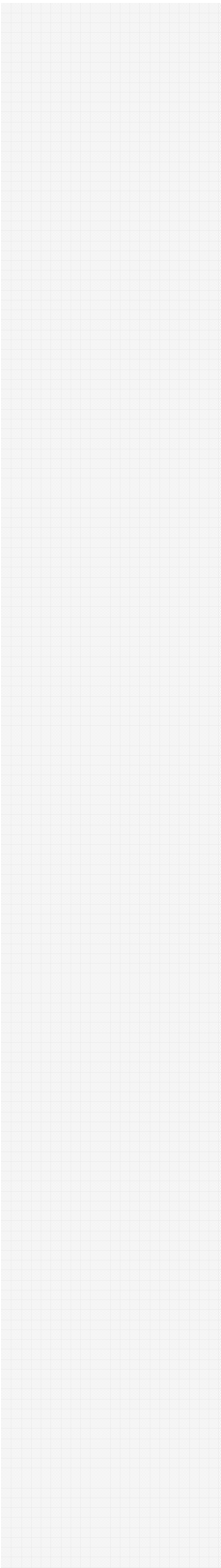
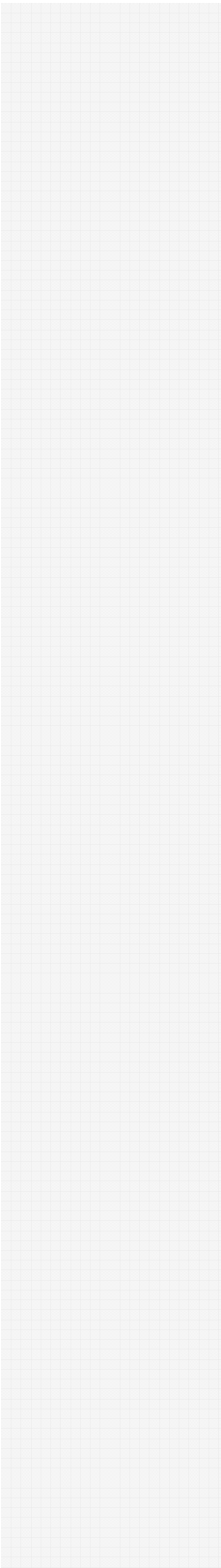
Focus will be on providing rapid response and reliable support to deployed forces for resolution of business process issues.

**Information and Federation Strategy:** This office manages BTA information strategy, encompassing integration efforts, strategic planning, change management, technology visioning, and long-term internal and external communications. This office ensures that integrated best industry practices are applied to all areas of strategic planning and communications for the agency, establishing a nimble, entrepreneurial culture leveraging cutting edge technology in its solutions and its communications efforts.

**Agency Operations:** This organization provides the agency its personnel, pay, planning, budgeting, infrastructure and management activities.







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